



Y{our} Hometown

Proposed FY 2018 Budget

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July 25, 2017

Honorable Mayor and Council Members:

In accordance with the City Charter and the laws of the state of Texas governing home rule cities, please accept this letter as my budget transmittal and executive summary of the draft fiscal year 2017-18 budget. The Annual Budget is the most important document that is adopted by the City Council each year. In developing this document, a significant amount of time is devoted by City Council Members and City Staff. An Annual Budget is developed through an extensive process of reviewing requests received from various City departments then prioritizing those requests in a manner that utilizes resources effectively, within fiscal constraints, while working to achieve the City's strategic goals.

STRATEGIC GOALS

As part of the Strategic Plan, the City Council has identified seven (7) strategic goals that help frame the City's operational work plans. The Strategic Plan is a working document that provides guidance to City Staff when making budgetary and operational decisions.

Fiscal Year 2018 Strategic Goals	
Goal 1	Pursue Targeted Economic Development
Goal 2	Improve the Curb/Aesthetic Appeal of our Community
Goal 3	Diversify Housing & Neighborhood Options
Goal 4	Promote our Community Brand
Goal 5	Encourage Inter-local Cooperation
Goal 6	Upgrade City Facilities and Infrastructure
Goal 7	Build Transportation Infrastructure

VALUE OF TAXABLE PROPERTY AND GROWTH

The City continues to see healthy increases in the value of existing property. Based on the certified taxable assessed value for the 2017 tax year, it is estimated that existing property values have increased by approximately 14% and just under \$62,000,000 was added to the tax roll.

We remain cautiously optimistic that we will experience modest, but slowing, appreciation in the value of existing properties and that additional value will be added to the tax roll as a result of new construction in the near term. New value added to the tax role will continue to be primarily from residential growth; however, a new Wal-Mart store that opened in April of 2017, and other commercial developments currently under construction off of FM 455 (White St.) are making a substantial contribution to the growth of our commercial tax base.

The growth in taxable value of real property corresponds to a significant increase in residential growth and population over the past few years.

According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population grew 9.5% in 2016 to 12,390 as of January 1, 2017.

We anticipate steady 7 to 10 percent growth over the next few years as the inventory of available lots increases. There are currently 759 residential lots under construction and another 2,744 in the planning phase or under design. The City has forecasted the construction of approximately 250 new single family homes during the 2018 fiscal year.

TAX RATE

For the 2016-17 fiscal year budget, the City Council reduced the tax rate to \$0.629 cents per \$100 of taxable assessed valuation marking the third straight year of reducing the tax rate. The proposed 2017-18 budget is funded with a property tax rate of \$0.601288 cents per \$100 of taxable assessed valuation. When compared with other cities in our area, the City of Anna still has one of lowest per-capita property tax levies.

The total tax rate is divided between General Fund maintenance and operations and the Debt Service Fund. Of the total tax rate, \$0.478870 cents will be dedicated to the General Fund maintenance and operations, and \$0.122418 cents will be dedicated to general obligation debt service. The portion of the tax rate dedicated to debt service will be about 20% of the overall City tax rate.

The average taxable single-family home value for the 2017 tax year is approximately \$181,000, an increase of \$20,000 from the previous year. At the proposed tax rate of \$0.601288 the municipal taxes paid on the average single family home will be \$1,088.

EMPLOYEE PAY AND BENEFITS

In September of 2016, the City updated its pay classification plan based on a comparison of similar positions in this market area. Since then, a number of cities in our market area have also adjusted their pay plans. This has resulted in significant market pressure and increased competition to hire and retain qualified employees. In response to this market pressure, the proposed budget includes funding to increase salaries, and in some cases adjust the pay plan, for city employees.

In June of 2017, the City amended the pay plan for police officers and established an annual step to increase an officer's salary each year as the officer's tenure with the department increases over a 7 to 10-year period. The step increase is conditioned on the officer's satisfactory prior year performance. The proposed budget includes funding for the new Police Department step pay plan.

A recent survey also revealed that salaries for fire fighters and fire shift captains are significantly below the market average for this area. The proposed budget includes funds to reclassify these positions so that the pay range is more in-line with the market.

All other employees will receive a 3% cost of living increase effective October 1st. Full-time employees are also eligible for a merit based pay increase (average 3%) on their hire anniversary date.

The City currently pays for health insurance for all City employees through a plan provided by the Texas Municipal League Intergovernmental Employee Benefit Pool (TMLIEBP). The fiscal year 2017-18 budget includes a 10% increase in the cost of health benefits provided to full-time employees.

STAFFING LEVELS

The City currently supports a staff of 63 full-time equivalent (FTE) employees allocated among the various operating departments. The proposed budget recommends the addition of seventeen (17) new full-time positions and one (1) part-time position. Staffing levels have been increased to maintain quality service delivery as our population and demand for services continues to grow.

FLEET REPLACEMENT AND MAINTENANCE

In order to improve the City's ability to budget for future fleet replacements, the proposed budget includes funding for an open-end or equity lease agreement with Enterprise Fleet Management for vehicle replacement and maintenance services. This will allow the City to replace vehicles in a more timely manner which reduces maintenance and fuel costs and allows the City to receive a larger amount of equity out of the sale of the vehicles. With this program, all maintenance costs will be fixed for non-emergency vehicles. Supervisors will also have access to a dashboard to track fuel costs per vehicle and receive maintenance alerts to ensure needed work is completed.

GENERAL FUND

The General Fund is the City's main operating fund, which is used to account for all financial resources except those required to be reported in another fund. The General Fund receives revenues from property taxes, permits, franchise taxes, sales tax, fines, fees for services, interest income, and several other miscellaneous general revenue sources. This fund finances the operations of the Administration, City Council, City Manager, City Secretary, City Attorney, Finance, Development, EMS, Fire, Animal Control, Police, Municipal Court, Parks, and Street departments.

For the 2017-18 fiscal year, General Fund revenues are expected to total \$7,492,871 which is an increase of just under 25% over the previous

year's budget. The two largest revenue sources in the General Fund are property tax and sales tax. Property tax revenue to the General Fund is anticipated at \$4,269,004 (an increase of 15.97%), and sales tax revenue is projected at \$1,696,354 (an increase of 126%). The growth of this fund is largely the result of continuing residential and commercial development and population growth in Anna.

General Fund operating expenditures for the 2017-18 fiscal year are budgeted at \$7,492,871 reflecting a 25% increase over the previous year's budget.

Streets and Transportation Infrastructure

In November of 2017 a ballot proposition to reallocate a portion of the local option sales tax to the General Fund was approved. As a result, the portion of the sales tax revenue allocated to the General Fund increased from 1% to 1.25%. This reallocation was effective in April 2017. The revenue generated in FY 2018 by the additional 0.25% sales tax allocation is estimated at \$336,326. From the new revenue, projects recommended for funding in FY 2018 include:

- Engineering necessary for the bidding and construction phase of the Hackberry Ln. reconstruction project (between SH 5 and Slayter Creek) - \$23,090, and
- Chip and seal overlay project on existing streets - \$100,000

The remaining \$213K will be added to the Streets Department capital improvements budget. Funds not expended during FY 2018 will be placed in an assigned fund balance.

The City is evaluating the issuance for bonds in FY 2018 to pay for several new street projects including the reconstruction of Hackberry Ln. between SH 5 and Slayter Creek. Future revenue from the sales tax reallocation may be used to offset the bond payments.

Municipal Facilities

For the past several years, the City of Anna has been studying alternatives for the construction of new buildings and facilities as we continue to grow. We anticipate that the City will need to issue bonds to fund the construction of the various facility needs. The opening of a new retail center at the NE corner of FM 455 and US 75 is expected to substantially increase sales tax revenue to the General Fund. This new revenue may be used to off-set bond payments for new facilities.

Based only on a 1% sales tax allocation (excluding the additional 0.25% sales tax allocation for street projects), we estimate that the annual sales tax revenue from the primary retail anchor in FY 2018 will total about \$405K. The proposed budget transfers this revenue (estimated at \$405K) from the General Fund to a Capital Projects Fund for municipal facilities. These funds will remain in the Capital Projects Fund until allocated by the City Council.

Organization and Personnel

In order to maintain quality service delivery as our population continues to grow, the General Fund budget proposes the addition ten (10) new positions:

- An Accounting Clerk position will be added to the Finance Department to help process accounts payable
- Two Police Sergeant positions will be added to the Police Department to provide needed supervision during the day and weekend shifts.
- A Deputy Fire Chief will be added to Fire Department to oversee life safety operations and to assist the Chief with overall administrative responsibilities. A

day-time Firefighter position will also be added to improve personnel coverage during the day and on weekends.

- Two Parks Maintenance Workers will be added in the Parks Department to assist park maintenance and to help improve the aesthetic appeal of our parks.
- A Superintendent, a Maintenance Worker, and a Traffic Safety Technician will be added to the Streets Department to increase staffing and the technical capability of Streets Department. The Traffic Safety Technician will be responsible for maintaining street lights in neighborhoods served by GCEC. If the City assumes responsibility for these street lights, the annual electricity bill from GCEC will decrease by approximately \$70,000 to \$80,000 – enough to cover the recurring annual cost of the Traffic Safety Technician.

In addition, a Parks Maintenance Worker II position will be reclassified as Crew Leader to reflect the increasing responsibilities of this position.

DEBT SERVICE FUND

The Debt Service Fund (sometimes referred to as the Interest and Sinking or I&S Fund) is a special fund established to account for the accumulation and expenditure of resources for payment of principal and interest on tax supported bond debt. Bonded debt includes general obligation bonds, certificates of obligations and combination tax and revenue certificates of obligation. The principal source of revenue is assessed property taxes as established by ordinance.

The City of Anna currently holds just over \$15.3 million in outstanding tax supported debt. \$12.1 million of that amount was issued for water and

sewer infrastructure projects and can be payable from water and sewer revenues; however, to obtain more favorable financing terms, the debt has a tax pledge. The balance of tax supported debt, just under \$3.2 million, was issued for general fund purposes. In March of 2017, the Fitch Ratings upgraded the City of Anna bond rating from “A” to “AA-” citing “the city’s exceptionally strong financial operations, solid expenditure flexibility and strong revenue growth prospects, as well as the city’s substantial independent ability to raise revenues.”

The total debt service on tax secured debt for FY 2018 is \$1,091,329. The I&S revenue is budgeted at \$1,091,329. Approximately \$674,435 in I&S revenue will be transferred to the Utility Fund to support debt service on tax pledged debt issued for water & sewer infrastructure. It is anticipated that approximately the same amount (\$674,435) in revenue generated from Utility Fund operations will be transferred to a Capital Projects Fund for future construction of municipal facilities.

In order to keep the Debt Service tax rate stable, the City of Anna and First Southwest, our financial advisor, have developed a series of planned refundings of existing debt. This plan is based upon very conservative assumptions in growth of the property tax base and interest rates. Additionally, the planned refundings are scheduled to coincide with interest rate resets and, where possible, refunding bonds that are callable and advance refundable. In this way, the plan will minimize the present value cost to the City. The next refunding and restructuring of debt is scheduled for the first quarter of FY 2017-18.

UTILITY FUND

The Utility Fund (sometimes referred to as the Water & Sewer Fund) is an enterprise fund that accounts for the water, sewer and solid waste services that are provided to city residents and customers located outside the city limits. All activities to maintain these services are accounted for in this fund, including operations, maintenance,

billing and collections, administration, financing, and related debt service. The Water & Sewer Fund includes the Administration, Water, Sewer, Solid Waste, and Utility Billing departments.

The Water & Sewer Fund’s principle source of revenues are charges to customers for water consumption, wastewater collection, refuse collection, and fees related to providing consumers with new water and wastewater services. Total fund revenues for FY 2017-18 are estimated at \$8,226,153 (an increase of 14.8%) and total expenditures are budgeted at \$8,226,153 (an increase of 14.8%).

Organization and Personnel

In order to maintain quality service delivery as our population continues to grow, the Utility Fund budget proposes the addition seven (7) new positions:

- An Engineering Superintendent will be added to Public Works Administration to oversee capital projects and construction inspections
- Two Wastewater Maintenance Workers will be added to the Sewer Department to assist with operations and maintenance of our wastewater system.
- A Water Superintendent will be added to the Water Department to oversee operations of our water system.
- A Water Operator will be added to the Water Department to oversee water production operations
- A Water Maintenance Worker will be added to assist with operations and maintenance of our water system.
- A part-time Utility Billing Clerk will be added to the Utility Billing Department to

assist with the increasing work load.

In addition, the Public Works Superintendent position will be reclassified as Assistant Director of Public Works, and the Wastewater Supervisor will be reclassified as Wastewater Superintendent to reflect the increasing administrative responsibilities of these positions.

Automated Meter Infrastructure (AMI)

The 2016-2017 budget included funding for the fully automated meter infrastructure (AMI) program. The new AMI system replaced all existing meters with smart meters that have improved accuracy, increased efficiency, and offered better service to our utility customers. The AMI customer web portal will be active by the close of 2017 and funding for the annual cost of the portal (\$1.50 per year per meter) is included in the proposed budget. The customer web portal provides customers with the option to view real time consumption data and set up customer driven consumption updates and alerts. This system will provide water customers more information and greater control over their water usage.

Debt Management

Currently the Utility Fund holds just under \$24.7 million in outstanding debt. The City has worked closely with our financial advisors, First Southwest, to develop a sound debt management plan for the Utility Fund. Looking to the future, the City anticipates annual debt service increasing steadily with a spike in FY 2020 and again in FY 2026.

In order to appropriately manage Utility Fund debt, the City and First Southwest developed a plan to take advantage of call dates and pursue advance refundings of the City's outstanding Utility Fund debt. Every effort has been made to minimize the present value costs to the City. The current plan makes very conservative assumptions regarding interest rates and was reviewed and analyzed in conjunction with a utility rate study to evaluate the

current water and sewer rates. The next refunding and restructuring of debt is scheduled for the first quarter of FY 2017-18. These refundings will free up cash and reduce pressure on utility rates.

Regional Water Charges

The City of Anna along with the cities of Melissa, Van Alstyne, and Howe belong to a strategic alliance called the Collin Grayson Municipal Alliance (CGMA). The alliance (CGMA) purchases treated surface water from the North Texas Municipal Water District (NTMWD) through a contract with the Greater Texoma Utility Authority (GTUA). The CGMA purchases a minimum take or pay (MT/P) allocation of water through GTUA from NTMWD. Currently each city is responsible for percentage of the total MT/P amount that corresponds to the total amount of water each city uses.

This treated surface water supplements the City's water supply especially during the summer months when water consumption is highest. As our population grows and demand for water increases, we are using more and more treated surface water to supplement our well water. As we have forecasted consumption and production of our wells, we anticipate that that we will again exceed the MT/P allocation for treated surface water in FY 2018. When this happens, the MT/P amount will reset at the new consumption level, and City of Anna will be responsible for the cost of all the water we consume above the current MT/P amount. The increase in consumption coupled with an increase in the price of water supplied from NTMWD has resulted in a 52.4% increase in the budgeted cost for treated surface water.

Regional Wastewater Charges

The City's existing wastewater treatment plant is currently operating at permitted capacity. The Slayter Creek Wastewater Interceptor (SCWI) was completed in 2014, and allows the City to divert wastewater from the existing wastewater treatment

plant into the North Texas Municipal Water District (NTMWD) regional wastewater system. As the City grows, wastewater flowing through the SCWI into the NTMWD system will increase with our growth.

Since the SCWI became operational the City has diverted flow into the NTMWD system when the amount of wastewater flowing into the plant exceeds the plant's permitted capacity. This typically happens when it rains and rainwater penetrates the sewer system increasing the amount of water flowing to the plant. The penetration of rainwater into the wastewater system is a phenomenon commonly referred to as "inflow & infiltration" or I&I. With the unprecedented amount of rain received in 2015 and 2016 it became apparent that the City was experiencing a significant inflow and infiltration or I&I problem. To address the I&I problem, the Public Works Department implemented an aggressive program to identify and repair I&I problems in the system. During the FY 2016-17 the City funded an engineering study to identify the primary sources of infiltration underground. That study should be complete by the close of 2017.

The City pays a transport and treatment charge to NTMWD for all the wastewater that we pass into their system. Depending on the amount of rainfall and I&I, the annual amount of these charges can vary significantly. FY 2017 has been an unusually dry year so the actual charges are significantly less than previous years in 2015 and 2016. The rate charged by NTMWD to transport and treat our wastewater is expected to increase by 14%. The FY 2017-18 budget includes a 5% increase in the budgeted cost for transport and treatment of wastewater.

Utility Rates

In order to ensure that our utility rates will continue to support our operating costs and debt service obligations, Staff hires a rate consultant to evaluate our utility system's operation costs and debt payments, and recommend any rate adjustments that would be necessary to fully fund the cost of operating our system while maintaining an adequate financial reserve. Based on preliminary results from the most recent rate study, we do not

anticipate the need for any water and sewer rate increase this year. Should consumption patterns change and result in decreased consumption, the City's water revenues may fall below the budget estimate. Staff will monitor revenues throughout FY 2017-18 and recommend any action should actual revenue not meet budgeted projections.

This budget does not include utility system depreciation costs. The city's auditor will make adjustments for depreciation expense in the city's annual audit.

RESTRICTED REVENUE TRUST FUNDS

The City has established a number of Trust Funds the uses of which are restricted to certain pre-determined expense categories. The following is a summary of the revenue and expenditures that will be budgeted in the various Trust Funds. Information on the revenue and expenditures for the various funds is provided within this budget document.

FUND	FY 2017-18 PROJECTED REVENUE
Special Revenue Fund	\$14,317
Grant Fund	\$367,087
Eastside Park Trust Fund	\$0
Fire Trust Fund	\$16,200
Park Trust Fund	\$147,000
State and Federal Seizure Fund	\$0
Tax Increment Reinvestment Fund	\$0
Roadway Impact & Development Fee Funds	\$258,350
Water Impact Fee & Development Fee Funds	\$360,000
Sewer Impact Fee & Development Fee Funds	\$480,000

FUND	FY 2017-18 PROJECTED EXPENDITURES
Special Revenue Fund	\$13,720
Grant Fund	\$367,087
Eastside Park Trust Fund	\$0
Fire Trust Fund	\$9,800
Park Trust Fund	\$260,500
State and Federal Seizure Fund	\$0
Tax Increment Reinvestment Fund	\$0
*Roadway Impact Fee & Development Fee Funds	\$109,350
*Water Impact Fee & Development Fee Funds	\$162,000
*Sewer Impact Fee & Development Fee Funds	\$162,000

* Expenses from the Roadway, Water, and Sewer Impact and Development Fee Funds are reimbursements based upon agreements negotiated between the City and a developer to reimburse the developer for the construction of capital improvements that benefit the City.

CLOSING

While budgets are always a challenge, we have worked diligently to propose a budget that is both balanced and sufficient to meet the needs of the coming fiscal year. The staff of the Finance Department has put tremendous effort into the development of this document, and I would like to thank them and each department director for their hard work during this process. We express our appreciation to the City Council for your diligent efforts throughout the year in providing guidance, direction and support for our efforts to serve the citizens of Anna.

As Anna continues to grow, the City remains committed to the vision and goals outlined in its Strategic Plan. The 2017-18 fiscal year budget is designed to preserve and enhance the quality of existing services and respond appropriately to our city's continuing growth and development.

Respectfully Submitted,



Philip Sanders
City Manager

City Organization

Michael Crist

Mayor

Justin Burr

Place 1, Mayor Pro Tem

Kenneth Pelham

Place 4

Rene Martinez

Place 2

Nathan Bryan

Place 5

John Beazley

Place 3

Lee Miller

Place 6, Deputy Mayor Pro Tem

Philip Sanders

City Manager

Kenneth Jenks

Chief of Police/Deputy City Manager

Maurice Schwanke

Director of Planning and Development

Dana Thornhill

Director of Finance

Joseph Johnson

Director of Public Works

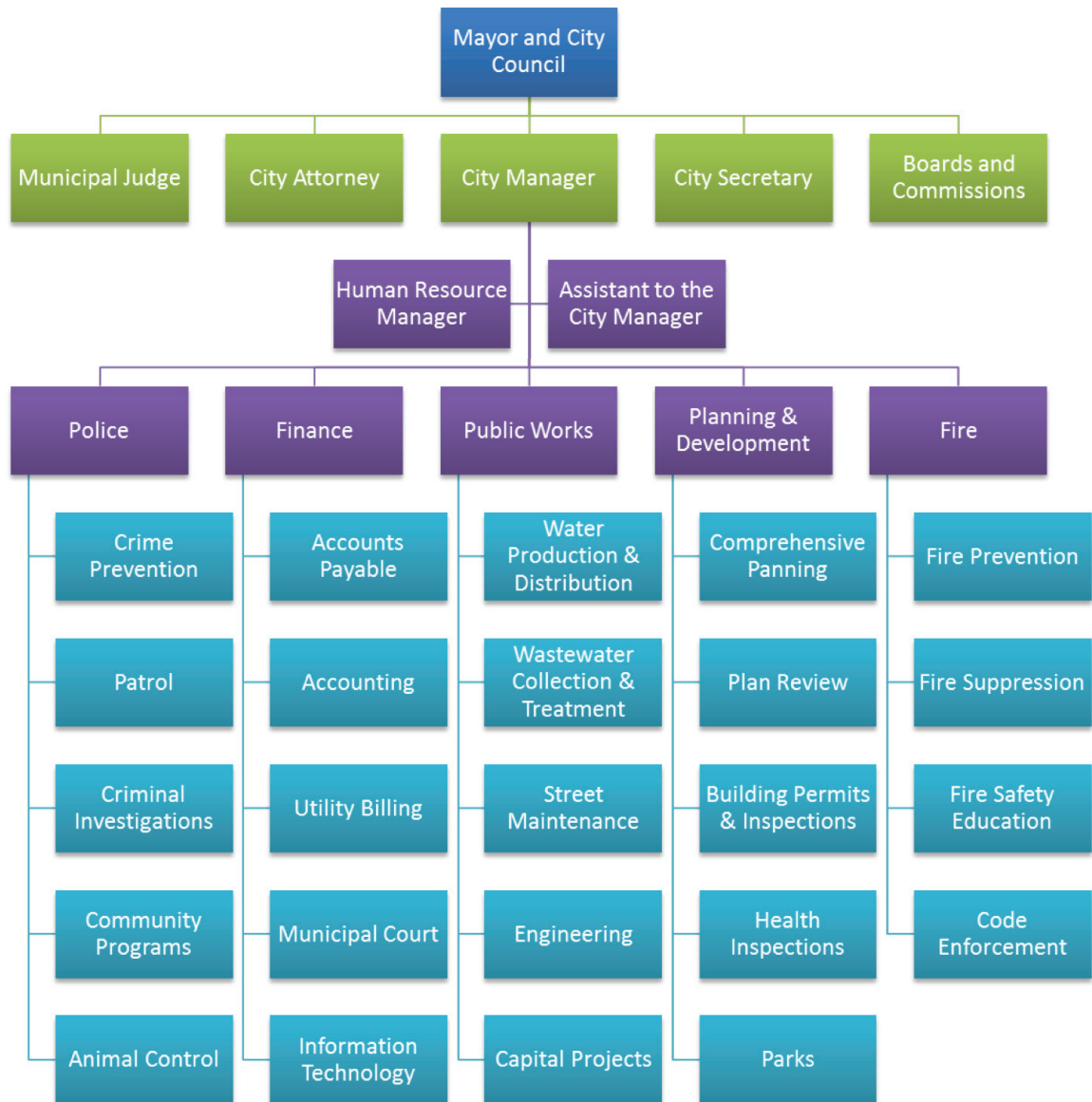
Carrie Smith

City Secretary

Tim Gothard

Fire Chief

City Organization Chart



FY 18 Budget Calendar

APR							MAY						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			
30													
3 - Activate budgeting program							1 - Read only status in budgeting program						
3 - Submit 5 year CIP to City Manager							8-19 City Manager and Finance Department to meet with Department Directors to discuss proposals						
28 - Departmental FY 18 budget projections due							9 - Council Workshop-Preliminary Revenue Estimates						
							23 - Review Draft Admin Budgets						
JUN							JUL						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1							1
4	5	6	7	8	9	10	2	3	4	5	6	7	8
11	12	13	14	15	16	17	9	10	11	12	13	14	15
18	19	20	21	22	23	24	16	17	18	19	20	21	22
25	26	27	28	29	30		23	24	25	26	27	28	29
							30	31					
13 - Council Workshop-Draft Public Safety & Court Budgets							11 - Council Workshop-Draft Water, Sewer, & UB Budgets						
27 - Council Workshop-Draft Planning, Streets, & Park Budgets							25 - Chief Appraiser deadline to certify appraisal rolls						
1-30 City Manager and Finance Department to refine budget proposals and produce working draft of the budget							25 - Council Workshop-Present Draft Budget						
							25 - City Council Regular Meeting-Resolution of Date, Time, and Place of Public Hearing on the Budget						
AUG							SEP						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1							1
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30
3 - Publish Notice of Public Hearing on Budget							1 - 72 hr. open meeting notice - Tax Rate						
4 - Budget available for Public Review on City Website							5 - Special Meeting-2nd Hearing on Tax Rate						
8 - City Council-Review Proposed Budget/Vote on Max Tax Rate							8 - 72 hr. open meeting notice - Budget/Tax Rate						
10 - Publish Notice of Public Hearing on Budget/Tax Rate							12 - City Council-Adopt Budget and Tax Rate and ratify if needed						
10 - County Publishes Notice of 2016 Tax Year Rates							13 - Make all necessary website postings						
18 - 72 hr. open meeting notice-Budget/TaxRate													
22 - Council-Public Hearing on Budget/1st Hearing on Tax Rate													
24 - Publish Notice of 2nd Public Hearing on Proposed Tax Rate													

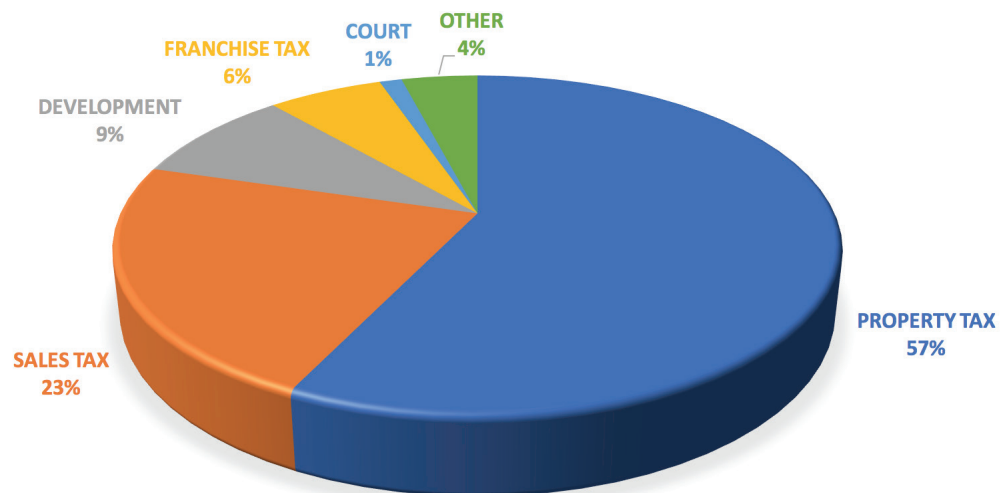
* Dates are Subject to Change ** Holidays are in **RED**, Staff dates are in **BLUE**, Council dates are in **GRAY**, Publishing dates are in **GREEN**

General Fund

Revenue

The City of Anna finances its general fund activities from three types of revenue; taxes, fines & fees, and user charges. These include property and sales taxes, licenses & permits, and fines. Beneficiaries of General Fund Services are not generally required to pay a fee commensurate with the value of the services received. The top four revenue sources are (1) property taxes, (2) sales tax, (3) franchise tax, and (4) development fees. Most franchise taxes in the City of Anna are not locally controlled and are subject to state law. The focus will be on the three locally controlled revenue sources, property taxes, sales tax, and development fees which constitute approximately 89% of FY 2018 revenues.

FY 2018 PROPOSED GENERAL FUND REVENUE

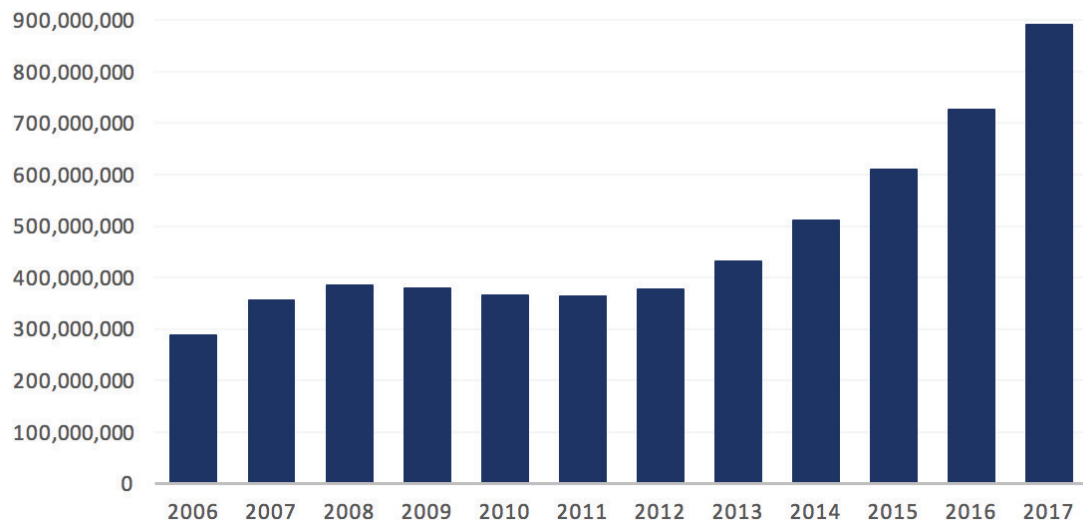


Property Tax

The Ad Valorem Property Tax revenue (57.2%) is a function of the tax rate the City formally adopts each year. The Collin Central Appraisal District (CCAD) establishes the value of each property within the City of Anna and the City applies the maintenance and operations portion of the rate to the certified value provided by CCAD. The certified taxable assessed value for the tax year 2017 is \$891,474,571. This represents an increase of 22.68% and is due, in part, to the addition of just under \$62 million in new value and an increase of approximately 14% in the taxable assessed value of existing properties.

After four years of declining property values between 2009 and 2012, property values eventually stabilized in 2013 when the total taxable value exceeded for the first time the previous peak for taxable value set in 2008. Beginning in 2013, strong population growth and new construction has delivered increasing demand for new homes and led to growth in the taxable value each year. Continued growth and new construction in 2016 has contributed to a significant increase in total taxable value for the 2017 tax year. We remain guardedly optimistic that a trend of market appreciation and modest growth will continue in the coming years.

Taxable Assessed Value Over Time



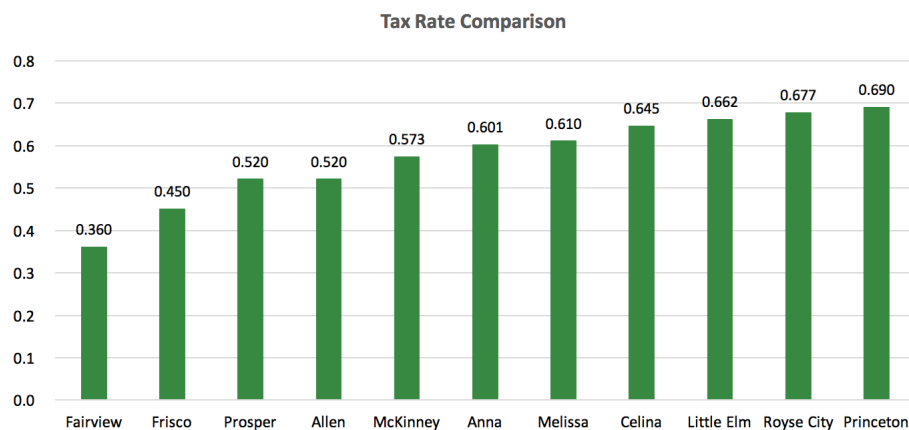
The growth in taxable value corresponds to a significant increase in population over the past year. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population as of January 1, 2017 was 12,390.

The following table details the change in TAV, tax rate(s), and property tax revenue over time:

Tax Year	Assessed Value	Total Tax Rate	M&O Rate	Debt Service Rate	Total Property Tax Revenue
2000	29,991,809	0.529900	0.256300	0.273500	\$150,809.00
2001	35,320,292	0.579900	0.151100	0.428800	\$182,838.00
2002	52,462,163	0.499700	0.499700	0.000000	\$288,103.00
2003	79,351,888	0.499700	0.499700	0.000000	\$407,430.00
2004	136,234,607	0.499700	0.499700	0.000000	\$693,504.00
2005	211,508,957	0.525000	0.525000	0.000000	\$1,148,140.00
2006	288,590,455	0.525000	0.525000	0.086300	\$1,541,817.00
2007	356,238,071	0.575000	0.466700	0.108200	\$2,015,950.00
2008	383,961,925	0.575000	0.479400	0.095500	\$2,207,626.00
2009	378,153,710	0.622733	0.529939	0.092800	\$2,354,888.00
2010	365,119,804	0.650332	0.554225	0.096107	\$2,374,491.00
2011	362,969,678	0.065033	0.559367	0.090965	\$2,360,508.00
2012	376,578,308	0.065033	0.559367	0.090965	\$2,449,009.00
2013	430,704,884	0.650332	0.559367	0.090965	\$2,801,012.00
2014	510,888,329	0.649000	0.545826	0.103174	\$3,315,665.00
2015	609,657,456	0.639000	0.532341	0.106659	\$3,895,711.00
2016	726,642,896	0.629000	0.506582	0.122418	\$4,570,584.00
2017 Certified	891,474,571	0.601288	0.478870	0.122418	\$5,360,330.00

Tax Rate

Below is a summary of the 2016 tax year tax rates of our comparison cities to our proposed 2017 tax rate.



Sales Tax

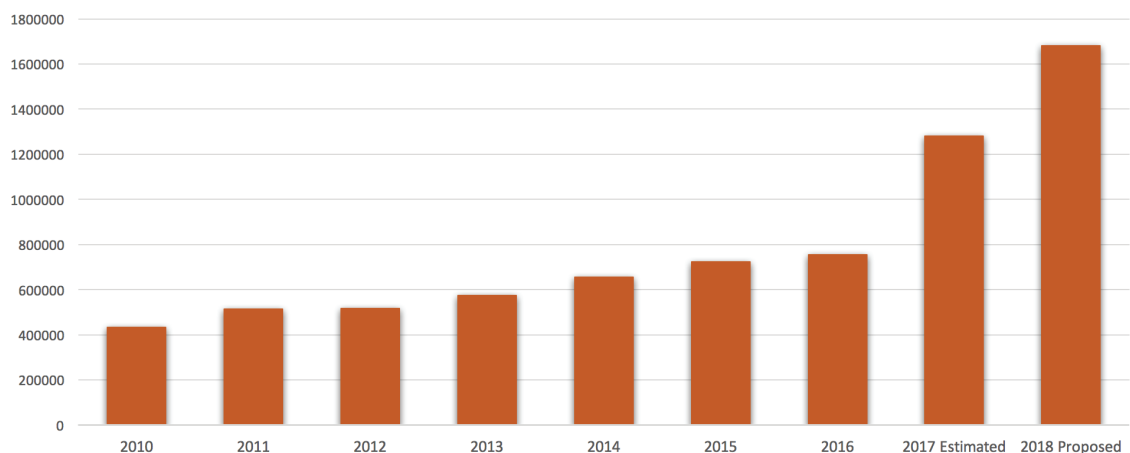
Sales tax revenue accounts for 22.4% of General Fund Revenue. The City currently levies a 2% sales tax that is in addition to the 6.25% the state levies. In November of 2017, a ballot proposition to reallocate a portion of the local option sales tax to the General Fund was approved. As a result, the portion of the sales tax revenue allocated to the General Fund increased from 1% to 1.25%, with .25% being dedicated to streets projects. This reallocation was effective in April 2017. The remaining .75% goes to fund the Community Development Corporation. As the City has grown, so has the sales tax base. The estimated sales tax for FY 2017 reflects an increase in sales tax of approximately 66% over FY 2016 and a projected increase of approximately 32% for FY 2018. Since 2010 the City has seen average annual sales tax growth of approximately 18%.

The City has historically taken a conservative approach to budgeting sales tax revenue. In years with declining values, sales tax was a bright spot in mitigating declining property tax revenue. As a result, the approach is to budget conservatively for growth in sales tax. In past year's, the City estimated no growth over the prior year when projecting for the next year's sales tax revenue. This allowed the City to fund supplemental requests and budget amendments later in the fiscal year if sales tax exceeds expectations. However, due to the addition of Wal-Mart and the current trend in

sales tax, the City did project an increase of just over 32% for FY 2018 over the proposed FY 2017. Wal-Mart opened in late April 2017 for business. The City will continue to monitor and analyze the potential revenue source.

General Fund Sales Tax Revenue		
Fiscal Year	Sales Tax Revenue	% Change
2000	\$37,586	-12.06%
2001	\$43,827	16.60%
2002	\$61,160	39.55%
2003	\$79,132	29.38%
2004	\$115,843	46.39%
2005	\$155,399	34.15%
2006	\$225,886	45.36%
2007	\$293,934	30.12%
2008	\$336,730	14.56%
2009	\$384,642	14.23%
2010	\$433,376	12.67%
2011	\$515,379	18.92%
2012	\$516,025	10.64%
2013	\$574,679	11.37%
2014	\$655,821	14.12%
2015	\$724,221	10.43%
2016	\$771,155	6.48%
2017 Est.	\$1,280,861	66.10%
2018 Proposed	\$1,696,354	32.44%

Sales Tax History



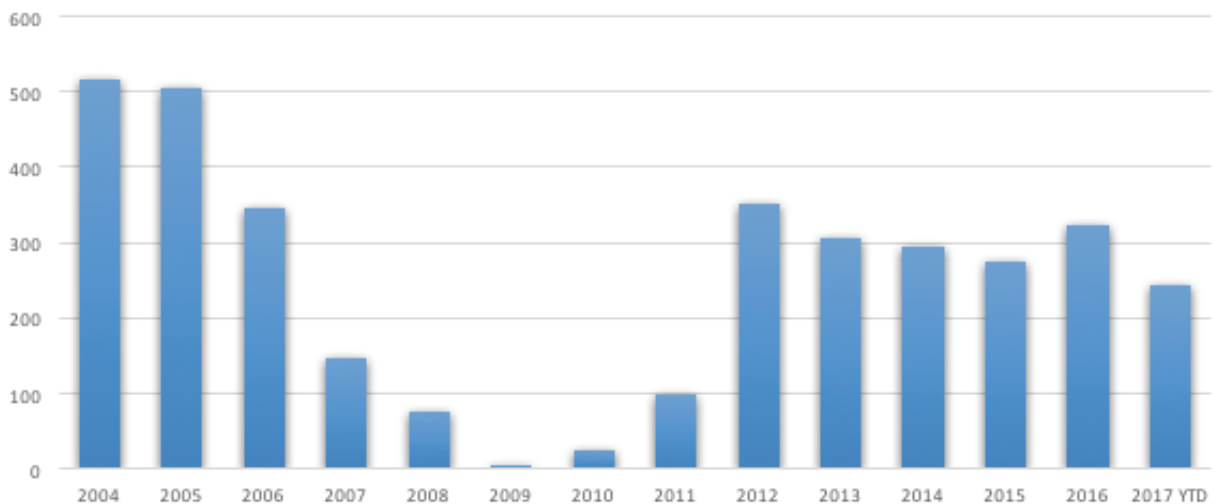
Development

Development revenue is driven by building activity in the City. Development revenue is a combination of building permits, zoning fees, plat fees, contractor registration fees, and all other fees related to the permitting and approval of construction activity in the City. The City experienced a sharp decline in building permits from 2006 through 2010 that coincided with the recession. As the economy improved, we saw strong growth in single family permits through 2012; however, lot inventory began to diminish as developers had not added inventory to keep up with demand. As that inventory diminished we observed modest drop in building activity. In 2016, as the developers began increasing the lot inventory to keep up with the continually increasing demand for housing in Anna, the City began to see

a strong growth once again in single family permits. To date in FY 2017, the City has received 243 building permit applications for single family homes which is up significantly over the prior year. The FY 2018 budget reflects a conservative increase of 250 building permits for purposes of budgeting revenue and expenditures.

We anticipate that new home construction will continue to increase as subdivisions that are under construction or in various stages of the development process are completed and become available in the market. There are currently six residential developments under construction that will add over 759 single family lots to our inventory over the next 12 to 18 months. In addition, there are 2,744 lots that are currently in the planning phase.

Building Permits by Year



Illustrated below is a brief history of revenue sources for the City of Anna. Proposed revenue for FY 2018 is up 24.62% over the budgeted amount for FY 2017. The estimate for FY 2017 is based upon performance over the first 3 quarters of the fiscal year including historical and seasonal trends. Property tax revenues are up approximately .7% with sales tax increasing approximately 71%.

These increases are driven by population growth and associated growth in commercial development. The decrease in other revenue is related to all grant funding being moved to a separate Grant fund. This assists staff in managing operational revenues separate from grant funding and allows for all grants to be budgeted and tracked in one fund which is also beneficial for auditing purposes.

General Fund Revenue Summary

	FY 16 ACTUAL	FY 17 BUDGET	FY 17 ESTIMATE	FY 18 PROPOSED	% CHANGE
PROPERTY TAX	\$3,314,026	\$3,681,042	\$3,706,170	\$4,269,004	15.97%
SALES TAX - GENERAL	\$771,155	\$750,000	\$1,121,040	\$1,360,028	81.34%
SALES TAX - STREETS	\$0	\$0	\$159,821	\$336,326	0%
DEVELOPMENT	\$759,102	\$440,100	\$884,500	\$674,500	53.26%
FRANCHISE FEES	\$446,273	\$450,000	\$460,000	\$460,000	2.22%
COURT FEES	\$84,360	\$100,000	\$89,000	\$89,000	-11.00%
OTHER	\$470,646	\$591,423	\$742,497	\$304,013	-48.60%
Total	\$5,845,562	\$6,012,565	\$7,163,028	\$7,492,871	24.62%

General Fund

Expenditures

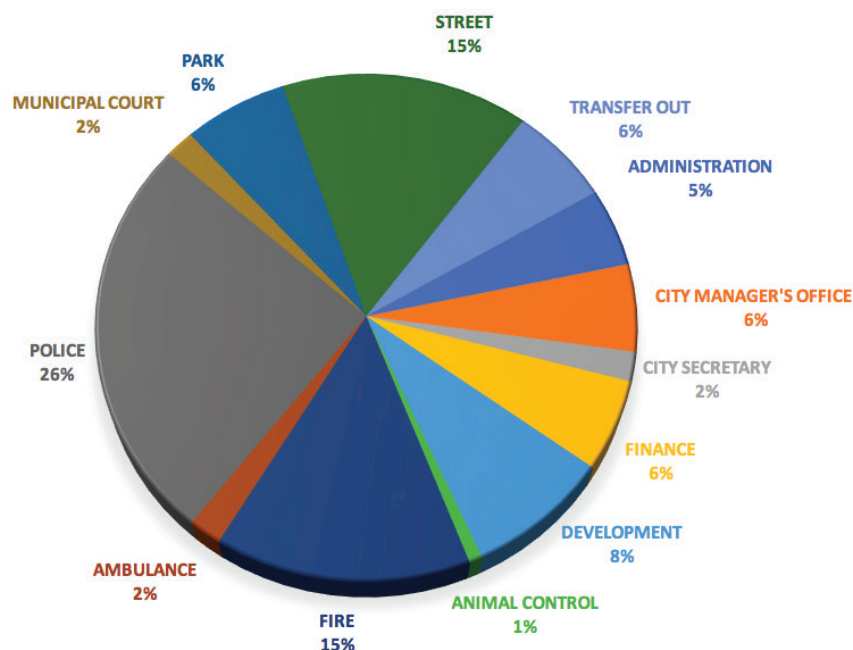
The General Fund accounts for the expenditures associated with operating the general government services one typically expects from their municipal government and are funded in part or in whole with property taxes. These services include public safety, parks, streets, planning, and the general administrative support for these services and the City Council.

The chart below illustrates the percentage of the budget attributed to each department. For FY 2018, public safety will account for 44% of the budget. This includes police, fire, ambulance services, and animal control.

The table on the following page illustrates a brief history for each department from FY 2016 through FY 2018. The table includes actual costs from FY 2016, budgeted and estimated costs for FY 2017, proposed budget for FY 2018, and the percent change from the FY 2017 budget.

The proposed FY 2018 budget has an increase of 24.6% over the FY 2017 budget. Generally, the increase can be attributed to (1) new positions funded in the budget, (2) market adjustments for wages, (3) equipment replacement, (4) increases in employee benefit costs, (5) increased funding for street projects and (6) a transfer out for municipal facilities. These changes are detailed in the departmental summaries that follow.

FY 2018 PROPOSED GENERAL FUND BUDGET



General Fund Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
ADMINISTRATION	\$280,118	\$305,684	\$325,246	\$368,122	20.43%
CITY COUNCIL	\$16,588	\$30,025	\$31,271	\$36,625	21.98%
CITY MANAGER'S OFFICE	\$309,587	\$321,845	\$326,296	\$415,328	29.05%
CITY SECRETARY	\$106,881	\$126,847	\$127,341	\$143,838	13.40%
FINANCE	\$403,522	\$432,876	\$386,398	\$428,440	-1.02%
DEVELOPMENT	\$640,442	\$557,637	\$674,036	\$627,318	12.50%
ANIMAL CONTROL	\$48,866	\$56,799	\$56,799	\$56,799	\$0
FIRE	\$708,963	\$966,161	\$936,178	\$1,099,039	13.75%
AMBULANCE	\$135,968	\$143,173	\$143,173	\$142,270	-0.63%
POLICE	\$1,714,448	\$1,913,883	\$1,819,167	\$1,923,135	0.48%
MUNICIPAL COURT	\$110,420	\$122,226	\$127,351	\$133,573	9.28%
PARK	\$265,825	\$371,141	\$348,620	\$485,752	30.88%
STREET	\$599,689	\$664,268	\$684,293	\$1,155,613	73.97%
XFER TO GRANT FUND	\$0	\$0	\$0	\$71,134	0.00%
XFER FOR MUNICIPAL FACILITIES	\$0	\$0	\$117,785	\$405,886	245%
TOTAL	\$5,341,317	\$6,012,565	\$6,103,954	\$7,492,871	24.62%

Departmental Summaries

Each departmental summary includes its purpose, FY 2017 accomplishments, and FY 2018 goals. A summary of expenditures are included as well as new programs or noteworthy changes from the FY 2017 budget. Expenditures are summarized into the following categories:

Payroll

Payroll expenditures include all the costs associated with the employees in that department. The payroll category includes salaries and wages, overtime, payroll taxes, health insurance, retirement, unemployment, workers compensation, and other related payroll costs.

Supplies

Supply expenditures include office supplies, vehicle supplies, fuel, postage, medical supplies, clothing supplies, chemical supplies, protective gear and other consumable items.

Maintenance

Maintenance expenditures include maintenance and repair costs for all city assets, equipment, and other city owned property, such as buildings, streets, parks, water and sewer system (in the Utility Fund), vehicles, equipment, etc.

Services

Service expenditures include services which the City pays for. Items such as utility costs, telephones, liability & property insurance, employee travel & education, advertising for public notices, etc. This category also includes professional services such as engineering or auditing, and contracted services such as IT services, dispatch services, legal, animal control, etc.

Capital Expenditures

Capital expenditures include items such as machinery, equipment, motor vehicles, building renovations, etc.

The table below illustrates how departments will be summarized.

General Fund Expenditure Summary by Category

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$3,249,611	\$3,815,107	\$3,621,885	\$4,340,997	13.78%
SUPPLIES	\$235,163	\$369,531	\$358,169	\$400,783	8.46%
MAINTENANCE	\$262,203	\$185,750	\$180,150	\$281,900	51.76%
SERVICES	\$1,390,526	\$1,328,565	\$1,500,983	\$1,475,782	11.08%
CAPITAL EXPENDITURES	\$203,813	\$313,612	\$313,612	\$516,389	64.66%
TRANSFER OUT	\$0	\$0	\$129,155	\$477,020	0.00%
TOTAL	\$5,341,317	\$6,012,565	\$6,103,954	\$7,492,871	24.62%

10-400 Administration

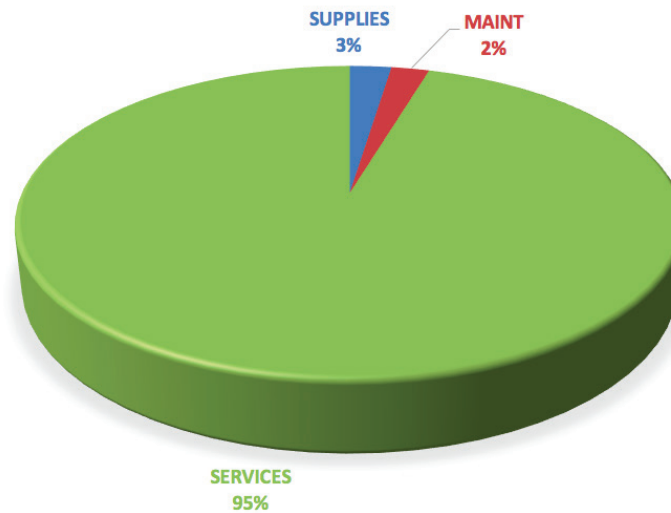
Purpose / Description

The Administration Department provides general administrative support to all the functions, programs, activities, and projects in the General Fund. These activities have costs not readily assignable to any specific department. Administration covers a number of shared expenses at City Hall (utilities, supplies, etc.) as well as other General Fund expenses (IT services).

New & Noteworthy for FY 2018

- Lakeview Estates Economic Development Agreement
 - The City negotiated a Chapter 380 agreement with Bloomfield Homes whereby the City will reimburse Bloomfield Homes a portion of the cost to build Ferguson Parkway. The agreement requires the City to reimburse ad valorem taxes due from the incremental value of Lakeview Estates for 15 years, up to a maximum reimbursement of approximately \$300,000. The reimbursement grant for FY 2018 is estimated at approximately \$61,000.
- Bloomfield Homes Use Tax Reimbursement Agreement
 - In lieu of sales tax paid to another governmental agency, Bloomfield Homes has agreed to pay a Use Tax to the City of Anna on the sale of building materials used inside the city limits. As consideration for paying the Use Tax, and to offset the administrative costs, the City has agreed to reimburse a portion of the Use Tax to Bloomfield Homes. The reimbursement grant for FY 2018 is estimated at \$18,240.

FY18 PROPOSED ADMIN BUDGET



Admin Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
SUPPLIES	\$8,103	\$10,550	\$8,100	\$8,900
MAINT	\$6,727	\$14,100	\$14,100	\$8,100
SERVICES	\$265,289	\$281,034	\$291,676	\$348,962
CAP EX	\$0	\$0	\$11,370	\$0
TOTAL	\$280,119	\$305,684	\$325,246	\$365,962
				19.72%

10-403 City Council

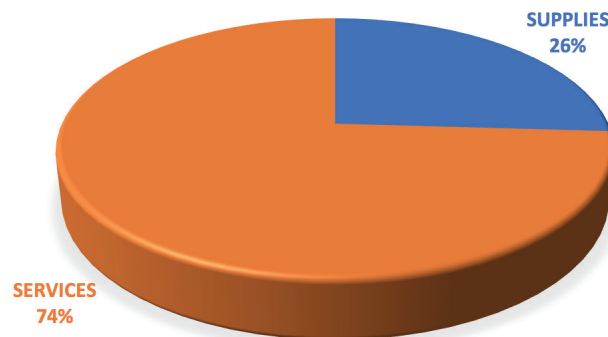
Purpose / Description

The City Council is the legislative body of the city functioning under a Home Rule Charter. This department is designed to provide funding related to administration of legislative matters including, professional development of Council members.

New & Noteworthy for FY 2018

- The City Council computer tablets will be replaced in FY 2018

FY 2018 PROPOSED CITY COUNCIL BUDGET



City Council Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
SUPPLIES	\$2,273	\$3,500	\$2,500	\$9,500	171.43%
MAINT	\$0	\$0	\$0	\$0	0.00%
SERVICES	\$14,315	\$26,525	\$28,771	\$27,125	2.26%
CAP EX	\$0	\$0	\$0	\$0	0.00%
TOTAL	\$16,588	\$30,025	\$31,271	\$36,625	21.98%

10-406 City Manager

Purpose / Description

The City Manager oversees the implementation of City Council policies and directives, manages the day-to-day operations of the City, administers the annual operating budget, and promotes the overall interests of the community. The City Manager's Office includes an Assistant to the City Manager and the Human Resources Manager. The Assistant to the City Manager serves as the City's public relations manager, and provides oversight of the City's Economic and Community Development Corporations.

FY 2017 Accomplishments

- Managed implementation of the FY 2016-2017 Budget and Strategic Goals
- Worked with the City Council on an update of the City's Strategic Plan and on the development of organizational Guiding Principles, Vision and Mission Statements
- Completed the community branding project
- Redesign the City website and optimize interface for mobile devices/tablets (ongoing)
- Partnered with the economic development corporations on the purchase and development of land for a new business park
- Coordinated successful election to reallocate the local option sales tax to increase funding for street and transportation projects
- Coordinated acquisition of easements for critical infrastructure projects
- Continued coordination with TxDOT and other governmental partners on priority transportation projects including the reconstruction of FM 455 and US 75
- Develop financing plan and schedule for: reconstruction of Fire Station #1, construction/expansion of Police department facilities, and construction of new city offices (ongoing)
- Implemented an employee performance measurement and applicant tracking module
- Initiated an employee engagement survey, and implemented new employee recognition programs and changes to personnel policies in response to the survey
- Standardized the new employee orientation and onboarding programs
- Adopted new options for employees to invest in a tax-deferred retirement program

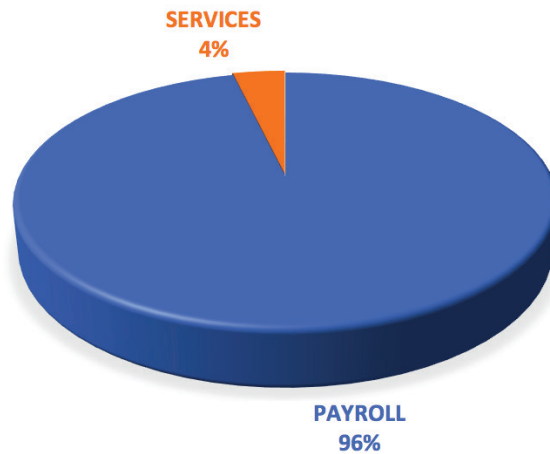
FY 2018 Objectives

- Manage implementation of the FY 2017-2018 Budget and Strategic Goals
- Continue to promote fiscally responsible practices in the management of city operations
- Implement the new community brand
- Ensure quality and timeliness of website and social media content
- Partner with the economic development corporations and pursue activities and projects that promote business and the job growth within the City of Anna
- Coordinate timely completion of water and sewer capital projects
- Complete bond sale to fund new street and transportation projects
- Complete bond sale to fund construction of new community and municipal facilities
- Commence architectural design for new community and municipal facilities as directed by the City Council
- Continue coordination with TxDOT and other governmental partners on priority transportation projects including reconstruction of US 75 and future reconstruction of State Highway 5
- Continue implementation of programs to improve employee engagement
- Expand the employee orientation and onboarding programs
- Implement time and attendance program to streamline bi-weekly payroll processes

New & Noteworthy for FY 2018

- The Human Resource Manager position moved from Finance Department to the City Manager's Office
- A full-time Economic Development Manager will be hired to manage the City's economic development efforts and provide staff support to the Community Development Corporation. This new position will be funded in the Community Development Corporation Budget
- The Assistant to the City Manager position will manage the City's public relations and marketing efforts and will supervise the Economic Development Manager
- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments

FY 2018 PROPOSED CITY MANAGER OFFICE BUDGET



City Manager Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$301,107	\$310,645	\$312,046	\$401,938	29.39%
SUPPLIES	\$837	\$1,200	\$1,500	\$0	-100.00%
MAINT	\$0	\$0	\$0	\$0	0.00%
SERVICES	\$7,643	\$10,000	\$12,750	\$15,550	55.50%
CAP EX	\$0	\$0	\$0	\$0	0.00%
TOTAL	\$309,587	\$321,845	\$326,296	\$417,488	29.72%

City Manager FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
<i>City Manager</i>	1	1	1	1	1
<i>Assistant to the City Manager</i>	0.5	0.5	0.5	0.5	1
<i>EDC/CDC Director</i>	0.5	0.5	0.5	0.5	0
<i>HR Manager</i>	0	0	0	0	1
<i>Receptionist</i>	0.5	0.5	0.5	0.5	0.5
TOTAL	2.5	2.5	2.5	2.5	3.5

10-409 City Secretary

Purpose / Description

The City Secretary provides administrative support to the City Council and City Manager; attends all the City Council meetings and keeps minutes of the proceedings; works with the City Manager to prepare agendas and support materials for City Council meetings; responds to requests for public information; coordinates City elections; oversees the Records Management Program for the City; and serves as custodian of all official City records.

FY 2017 Accomplishments

- Fully implemented agenda management program
- Coordinated the May 2017 General Election
- Implemented program for more efficient responses to Public Information Requests
- Provided support to the City Council by attending all public meetings and hearings, and keeping minutes of the proceedings of all public meetings and hearings
- Provided support to City Staff by ensuring official City documents are accessible

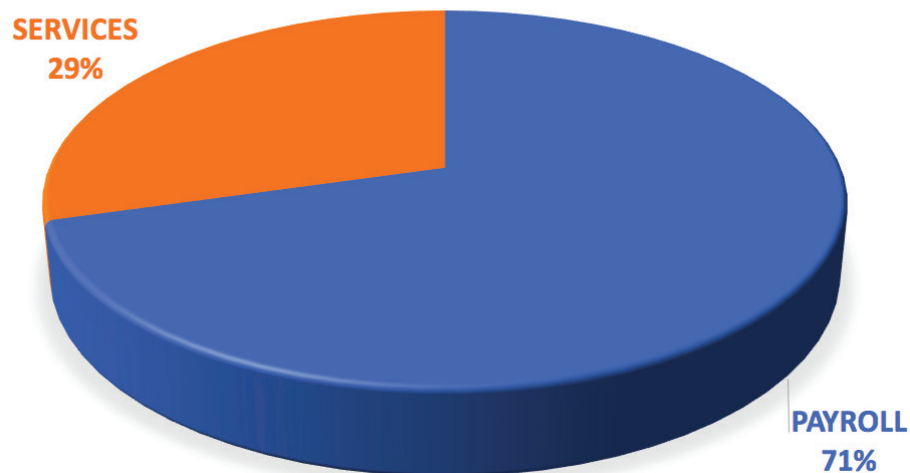
FY 2018 Objectives

- Continue to digitize municipal records
- Conduct May 2018 General Election
- Continue to provide support to City Council by attending all public meetings and hearings, and keeping minutes of the proceedings of all public meetings and hearings

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments

FY18 PROPOSED CITY SECRETARY BUDGET



City Secretary Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$92,240	\$94,888	\$94,682	\$101,039	6.48%
SUPPLIES	\$0	\$700	\$550	\$650	-7.14%
MAINT	\$0	\$0	\$0	\$0	0.00%
SERVICES	\$14,641	\$31,259	\$32,109	\$42,149	34.84%
CAP EX	\$0	\$0	\$0	\$0	0.00%
TOTAL	\$106,881	\$126,847	\$127,341	\$143,838	13.39%

City Secretary FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
City Secretary	1	1	1	1	1
TOTAL	1	1	1	1	1

10-414 Finance

Purpose / Description

The Finance Department maintains the financial integrity of the city and provides comprehensive and integrated financial management of the day-to-day operations of the city. The Finance Department keeps and maintains financial records; provides accurate financial reporting; invests public funds in compliance with applicable laws, ordinances, and policies; oversees purchasing, accounts payable; and general human resource administration; and manages the City's information technology support operations.

FY 2017 Accomplishments

- Received the GFOA Distinguished Budget Presentation Award
- Submitted the Comprehensive Annual Financial Report for the GFOA Certificate of Achievement for Financial Excellence in Reporting
- Worked with the IT contract company to establish a replacement schedule for IT items
- Improved internal controls
- Improved efficiency in financial reporting
- Began restructuring bank accounts and general ledger accounts to work toward establishing pooled cash
- Received a "clean" audit for the fiscal year ending FY 2016
- Continued to work to ensure financial transparency

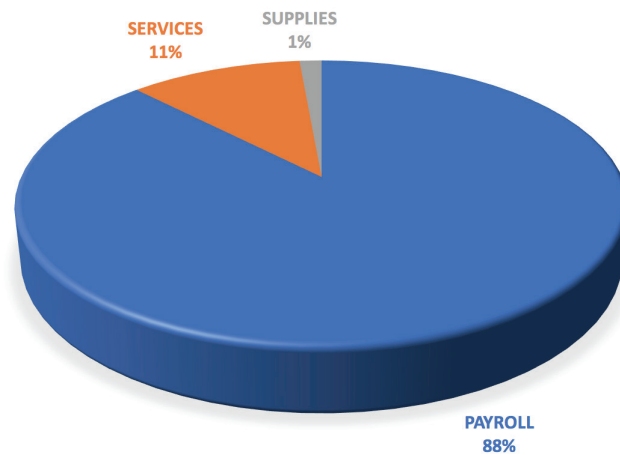
FY 2018 Objectives

- Continue to work toward improved efficiencies in processes
- Maintain GFOA budget and CAFR awards
- Evaluate financial management, and reporting software needs of the City, and make recommendations for upgrades and new software as necessary
- Partner with a fleet management company to better manage and budget for vehicle maintenance, purchases, and replacement
- Continue to evaluate and improve internal controls
- Finalize pooled cash accounting which will allow the City to increase interest revenue earned
- Create a Quarterly Financial Report
- Complete review of financial policies and procedures and develop a Financial Procedures Manual
- Finance Director to obtain the Certified Government Finance Officer Certification

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments
- An Accounting Technician position has been added to help process accounts payable and keep up with growing demand for service.
- The Human Resource Manager position moved from Finance Department to the City Manager's Office

FY 2018 PROPOSED FINANCE BUDGET



Finance Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$346,641	\$367,571	\$310,600	\$375,712	2.21%
SUPPLIES	\$3,320	\$5,300	\$6,924	\$5,950	12.26%
MAINT	\$0	\$0	\$0	\$0	0.00%
SERVICES	\$53,561	\$60,005	\$68,874	\$46,778	-22.04%
CAP EX	\$0	\$0	\$0	\$0	0.00%
TOTAL	\$403,522	\$432,876	\$386,398	\$428,440	-1.02%

Finance FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Finance Director	1	1	1	1	1
Accountant II	0	1	1	1	1
Finance/Budget Analyst	0	1	1	1	1
Account Technician	0	0	0	0	1
HR Manager	0	0	0	1	0
HR Administrator	0	1	1	0	0
Finance/HR Supervisor	1	0	0	0	0
HR Coordinator/Finance Asst	1	0	0	0	0
TOTAL	3	4	4	4	4

10-420 Development

Purpose / Description

The Development Department promotes sustainable development consistent with the City's Strategic Plan through fair, consistent and ethical enforcement of the City's land development regulations. The Development Department ensures that new development occurring within the City and its extra-territorial jurisdiction is consistent and in compliance with the City's comprehensive plan, zoning ordinance, subdivision ordinance, building codes, and other development regulations.

FY 2017 Accomplishments

- Initiated update to the City's Comprehensive Plan
- Improved development review process by providing a predictable and consistent review and reporting schedule
- Conducted semi-annual (or as needed) meetings with builders to discuss procedure changes and to listen to and address concerns.
- Submitted application for TxDOT Green Ribbon program
- Assisted with submission of the Transportation Alternatives Program grant application

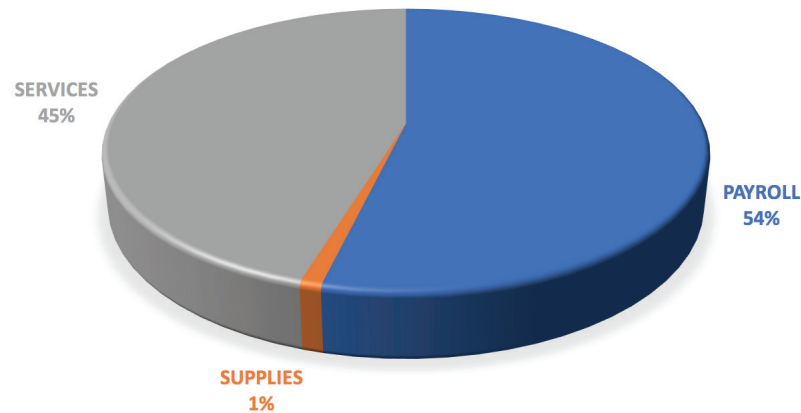
FY 2018 Objectives

- Continue and complete update of the City's Comprehensive Plan
- Continue to improve and streamline process for the issuance of permits and processing development applications.
- Develop a Downtown Wayfinding Plan consistent with our Strategic Plan
- Draft development regulations for the downtown district consistent with the updated Comprehensive Plan
- Develop schematic design for 4th Street streetscape improvements.

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments

FY 2018 PROPOSED DEVELOPMENT BUDGET



Development Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$288,232	\$324,419	\$318,318	\$335,771	3.50%
SUPPLIES	\$5,302	\$4,920	\$4,710	\$6,180	25.61%
MAINT	\$513	\$2,800	\$800	\$2,800	0.00%
SERVICES	\$346,394	\$225,498	\$350,208	\$282,567	25.31%
CAP EX	\$0	\$0	\$0	\$0	0.00%
TOTAL	\$640,442	\$557,637	\$674,036	\$627,318	12.50%

Development FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Director of Planning	1	1	1	1	1
Planner II	1	1	1	1	1
Planner I	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
TOTAL	4	4	4	4	4

10-525 Animal Control

Purpose / Description

Animal control and animal shelter services are currently provided through a contract with Collin County. Services include responding to citizen complaints regarding animal control issues. The contract also allows animals captured within the City of Anna to be housed at the Collin County animal shelter. Animal Control does not have any personnel related costs as it is a contracted service. The contract does not provide pro-active or routine patrols and enforcement of animal control ordinances.

FY 2018 PROPOSED ANIMAL CONTROL BUDGET



New & Noteworthy for FY 2018

No changes expected for FY 2018

Animal Control Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
SERVICES	\$48,866	\$56,799	\$56,799	\$56,799	0.00%
TOTAL	\$48,866	\$56,799	\$56,799	\$56,799	0.00%

10-543 Fire

Purpose / Description

The Fire Department provides professional fire suppression, rescue, fire prevention, fire education, and emergency medical response services to the community of Anna.

FY 2017 Accomplishments

- Conducted 4th annual Operation Santa
- Developed Department Honor Guard Program
- Completed hydrant testing, mapping & painting
- Continued emergency management training with City Staff
- Hosted seven firefighting education and training courses provided by TEEX & Collin College.
- Applied for and received thirteen training grants from the Texas Forest Service

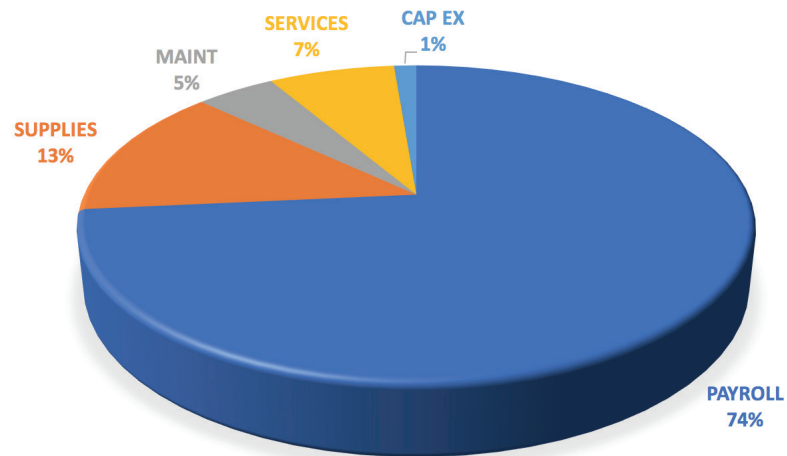
FY 2018 Objectives

- Begin the process to become a recognized Department through the Texas Fire Chief's Association Best Practices Recognition program
- Review & Update fire prevention and safety programs
- Continue to provide Emergency Management training to City staff
- Continue to assist Public Works with fire hydrant mapping and testing
- Enhance professional staff development
- Maintain a proactive EMS program
- Continue to recruit and develop quality personnel

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments for administrative staff
 - Funding to reclassify and increase pay for Firefighter and Fire Captain positions based on market wage study
- A Deputy Fire Chief will be added to Fire Department to oversee life safety operations and to assist the Chief with overall administrative responsibilities
- A day-time Firefighter position will also be added to improve personnel coverage during the day and on weekends
- Funding to provide enhanced health screenings for employees and volunteers

FY 2018 PROPOSED FIRE BUDGET



Fire Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$539,184	\$711,391	\$693,750	\$807,835
SUPPLIES	\$66,796	\$134,320	\$130,500	\$147,900
MAINT	\$37,170	\$41,100	\$39,500	\$50,000
SERVICES	\$65,813	\$71,350	\$64,428	\$79,310
CAP EX	\$0	\$8,000	\$8,000	\$13,994
TOTAL	\$708,963	\$966,161	\$936,178	\$1,099,039
				% CHANGE
				13.56%
				10.11%
				0.00%
				11.16%
				0.00%
				13.75%

Fire FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Fire Chief	1	1	1	1	1
Deputy Chief	0	0	0	0	1
Fire Marshal/Code Enf Officer	1	1	1	1	1
Fire Shift Captain	3	3	3	3	3
Fire Fighter Day Shift	0	1	1	1	2
Fire Fighter	1	1	1	3	3
TOTAL	6	7	7	9	11

10-544 Ambulance

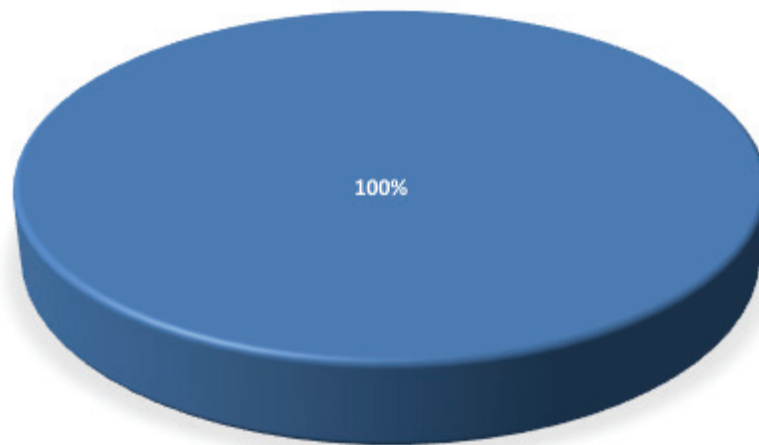
Purpose / Description

Ambulance service is currently provided by AMR through a contract with Collin County. The Ambulance Department does not have any personnel costs as it is a contracted service.

New & Noteworthy for FY 2018

No changes expected for FY 2018

FY 2018 PROPOSED AMBULANCE BUDGET



Ambulance Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
SERVICES	\$135,968	\$143,173	\$143,173	\$142,270
TOTAL	\$135,968	\$143,173	\$143,173	\$142,270
				% CHANGE
				-0.63%
				-0.63%

10-550 Police

Purpose / Description

The Police Department strives to preserve order, reduce fear, and protect human life, property, and individual rights through the fair and ethical enforcement of laws adopted under the under the framework of the U.S. and Texas Constitutions and the Anna City Charter.

FY 2017 Accomplishments

- Hosted annual National Night Out and Child ID fair
- Participated in and supported Anna Glow Fest, Christmas Parade, and Fourth of July events
- Participated with AISD in book reading and bully prevention programs
- Participated in National Click-it or Ticket Campaign
- Participated in TxDOT's Impaired Driver program (DWI Enforcement campaigns)
- Replaced in car video system and mobile computers in police vehicles
- Continued the SRO program in partnership with Anna ISD
- Completed the radio compliance upgrade project
- One-half of the Department's Officers received mental health crisis intervention (CIT) certification
- Received grant funds to create a new Family Violence/Child Abuse Investigator position
- Restructured the Police Department pay plan to include an annual step increase for Officer, Sergeant and Lieutenant positions

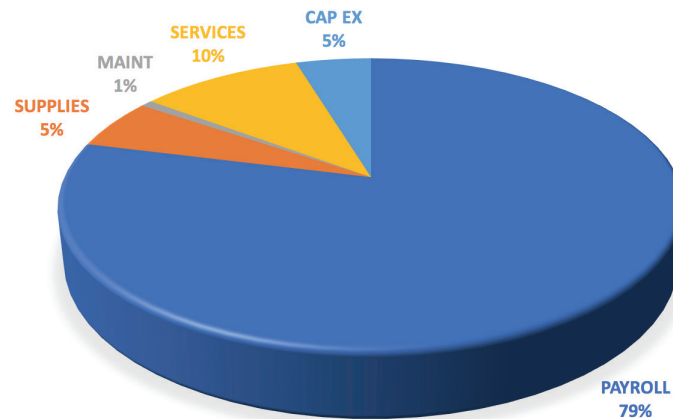
FY 2018 Objectives

- Host annual Child ID Fair
- Continue participation in National Night Out, Glow Fest, July 4th, and the Christmas Parade events
- Complete mental health crisis intervention training (CIT) certification for all Police Officers
- Investigate partnership with Boy Scouts of America to establish a Police Explorer Post
- Review internal Department Policies and update as necessary
- Continue efforts to become a recognized Department through the Texas Police Chiefs Association Best Practices Recognition program

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments
 - Funding for step increases for Officer, Sergeant and Lieutenant positions
- Two Police Sergeant positions will be added to the Police department to provide needed supervision during the day and weekend shifts.
- One SRO position that was previously funded by Anna ISD will be eliminated. The new Anna ISD Police department will begin hiring their own SRO's.

FY 2018 PROPOSED POLICE BUDGET



Police Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$1,319,878	\$1,510,637	\$1,420,772	\$1,518,140
SUPPLIES	\$80,155	\$110,841	\$107,385	\$106,953
MAINT	\$34,022	\$11,000	\$13,000	\$14,000
SERVICES	\$131,013	\$170,793	\$167,398	\$194,433
CAP EX	\$149,380	\$110,612	\$110,612	\$89,609
TOTAL	\$1,714,448	\$1,913,883	\$1,819,167	\$1,923,135
				% CHANGE
				0.50%
				-3.51%
				27.27%
				13.84%
				-18.99%
				0.48%

Police FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Police Chief	1	1	1	1	1
Records Administrator	1	1	1	1	1
Police Lieutenant	0	1	1	1	1
Police Sergeant	1	2	2	2	4
Police Officer	10	10	9	9	9
Child & Family Violence Inv.	0	0	0	1	1
School Resource Officer	0	0	2	2	1
TOTAL	13	15	16	17	18

10-552 Municipal Court

Purpose / Description

The Municipal Court provides a fair, impartial and unbiased court system for persons charged with criminal offenses. The Anna Municipal Court has jurisdiction over all fine-only offenses that have been committed within the Anna city limits including Class C misdemeanors, traffic offenses and violations of City ordinances.

FY 2017 Accomplishments

- Continued to work with AMS and the Police Department on collection of warrants
- Continued to partner with a collection agency to increase warrant collections
- Improved reliability of court data and payment service on kiosk
- Cross trained UB office staff to help with the processing of cases
- Increased community awareness of Municipal Courts' Week

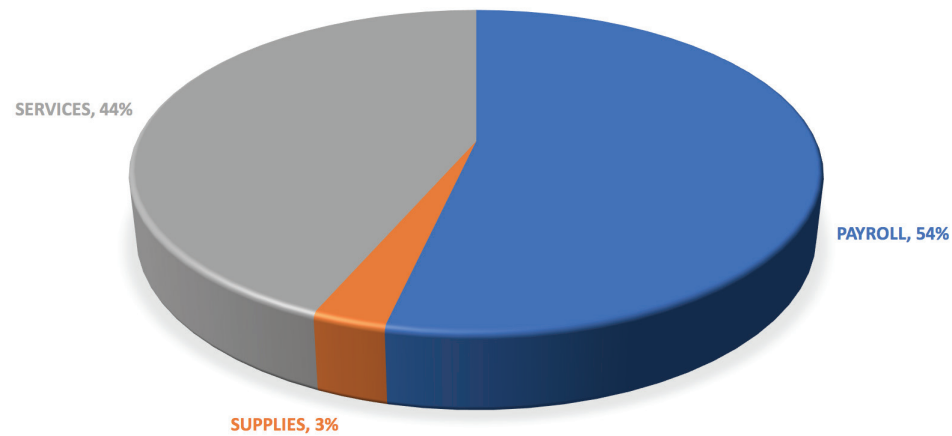
FY 2018 Objectives

- Continue work towards Level III Court Certification
- Implement and plan to participate in the Texas Warrant Round-up
- Continue to work with AMS and the Police Department on collection of warrants
- Evaluate system to allow defendants to receive notification of citation and pay ticket via smartphone

New & Noteworthy for FY 2018

- Increased payroll costs
 - o The City's costs for insurance benefits increased
 - o Funding of COLA and merit based wage adjustments

FY 2018 PROPOSED COURT BUDGET



Municipal Court Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$65,357	\$68,164	\$67,507	\$71,518
SUPPLIES	\$4,398	\$4,950	\$3,800	\$3,950
MAINT	\$0	\$0	\$0	\$0
SERVICES	\$40,664	\$49,112	\$56,044	\$58,105
CAP EX	\$0	\$0	\$0	\$0
TOTAL	\$110,420	\$122,226	\$127,351	\$133,573
				9.28%

Municipal Court FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Court Administrator	0	1	1	1	1
Municipal Court Clerk	1	0	0	0	0
TOTAL	1	0	0	0	0

10-555 Parks

Purpose / Description

The Parks department oversees the development and maintenance of the City's parks and recreation facilities. The department also supports community organizations that provide sports and recreation opportunities for the youth of our community.

FY 2017 Accomplishments

- Develop plans for and construct a new Parks Department office, breakroom and restroom at Natural Springs Park (on going)
- Applied for grant funding for improvements to Natural Springs Park through the Collin County Parks and Open Space Grant Program and was awarded \$45,000 for trails
- Improved the maintenance and operation of existing parks and facilities
- Constructed new entry feature for Slayter Creek Park
- Constructed drainage improvements at Natural Springs Park
- Processed over 50 Pavilion/Gazebo/field rentals.
- Constructed drainage improvements along Slayter Creek Trail

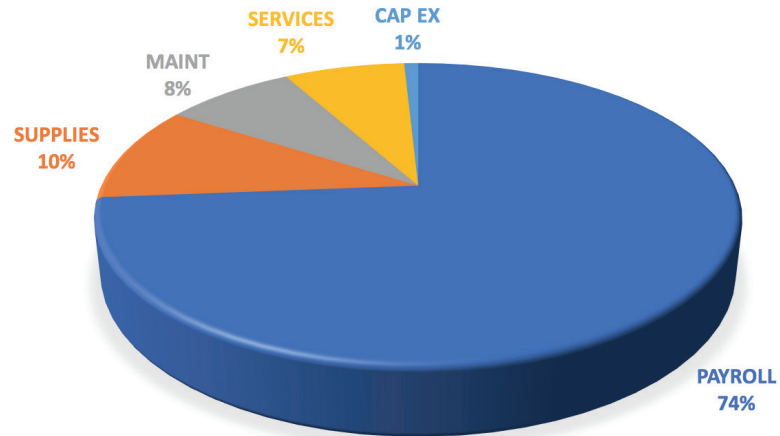
FY 2018 Objectives

- Continue to improve the maintenance and operation of existing parks and facilities to create an excellent customer experience
- Make improvements to Natural Springs Park (ponds, restrooms, parking areas, office space)
- Continue to evaluate feasibility of City recreation programs (youth and adult)
- Repairing trail surface in several areas of Slayter Creek Park

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments
- Two Parks Maintenance Workers will be added in the Parks Department to assist with maintenance and to help improve the aesthetic appeal of our parks.

FY 2018 PROPOSED PARKS BUDGET



Parks Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$149,264	\$256,205	\$232,310	\$358,171
SUPPLIES	\$40,052	\$44,950	\$46,500	\$50,050
MAINT	\$33,984	\$32,000	\$32,000	\$38,200
SERVICES	\$42,525	\$37,986	\$37,810	\$35,246
CAP EX	\$0	\$0	\$0	\$4,085
TOTAL	\$265,825	\$371,141	\$348,620	\$485,752
				% CHANGE
				39.80%
				11.35%
				19.38%
				-7.21%
				0.00%
				30.88%

Parks FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
<i>Parks Superintendent</i>	1	0	1	1	1
<i>Maintenance Worker II</i>	0	0	0	1	0
<i>Maintenance Worker I</i>	1	1	1	2	4
<i>Crew Leader - Parks</i>	0	1	1	0	1
<i>Seasonal Laborer</i>	1	0	1	1	1
TOTAL	3	2	4	5	7

10-580 Street

Purpose / Description

The Street Department is responsible for the maintenance of the City's roadway and storm water drainage systems. Services funded by this department include: cleaning streets, clearing and mowing public rights of way, routine maintenance and repair of street pavement and sidewalks, installation and maintenance of street signs, and maintenance of the storm drainage system. State highways and FM roads are maintained by the Texas Department of Transportation.

FY 2017 Accomplishments

- Continued street audit with MicroPaver auditing software.
- Purchased new roller for large asphalt repairs.
- Sidewalk repairs formerly completed by contractors are now completed in-house.
- Continued street sign replacement for TMUTCD compliance.
- Reconstructed Fern Street and 3rd Street.
- Completed preliminary engineering for drainage and road improvements at Easton and 4th.
- Completed temporary repairs on Pecan Grove creek erosion.
- Assisted Parks with implementation of drainage improvements at Slayter Creek Park.
- Coordinated with Collin County on the reconstruction of CR 370 to two-course asphalt.
- Developed engineering and construction plans for improvements to Hackberry Lane between SH 5 and Slayter Creek.

FY 2018 Objectives

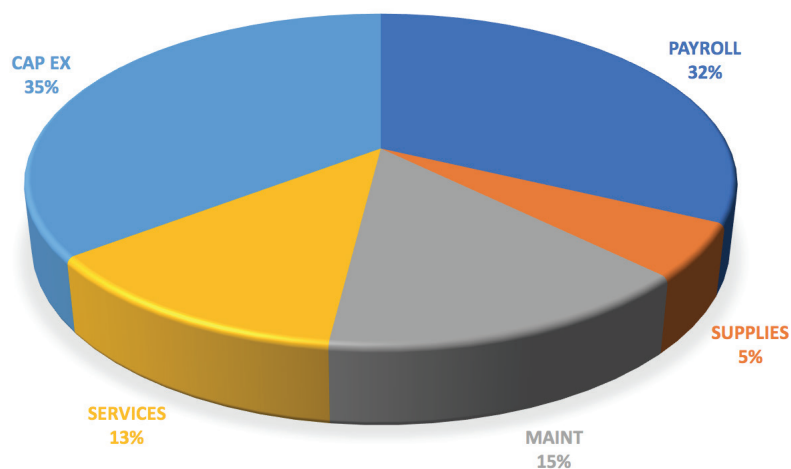
- Adopt erosion control and storm drainage design manual.
- Develop an Adopt-A-Street program.
- Work with TxDOT, NCTCOG and the RTC to secure funding for priority local street projects including:
 - o Ferguson Road between Taylor and the Collin County Outer Loop
 - o Hackberry Ln. between SH 5 and Slayter Creek
 - o Rosamond Parkway between AHS and US 75
- Complete street and regulatory sign compliance by 2018 calendar year per TMUTCD.
- Begin preliminary work in preparation for the City of Anna becoming an MS4 in 2020.
- Develop Stormwater Master Plan.

New & Noteworthy for FY 2018

- Increased payroll costs
 - o The City's costs for insurance benefits increased
 - o Funding of COLA and merit based wage adjustments

- Three (3) new positions, a Superintendent, a Maintenance Worker, and a Traffic Safety Technician, will be added to the Streets Department to increase staffing and the technical capability of Streets Department. The Traffic Safety Technician will be responsible for maintaining street lights in neighborhoods served by GCEC.
- New revenue from the sales tax reallocation election (estimated at \$336K for FY 2018) will be budgeted in the Streets Department for the following projects:
 - o Engineering necessary for the bidding and construction phase of the Hackberry Ln. reconstruction project (between SH 5 and Slayter Creek) - \$23,090
 - o Chip and seal overlay project on existing streets - \$100,000
 - o Capital improvements for streets - \$213,236
 - o In the event there is any remaining funds at the end of the fiscal year, the funds will be earmarked as an assigned fund balance for streets projects

FY 2018 PROPOSED STREET BUDGET



Street Expenditure Summary

	2016	2017	2018		
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$147,707	\$171,187	\$171,900	\$370,874	116.65%
SUPPLIES	\$23,928	\$48,300	\$45,700	\$60,750	25.78%
MAINT	\$149,787	\$84,750	\$80,750	\$168,800	99.17%
SERVICES	\$223,834	\$165,031	\$190,943	\$146,488	-11.24%
CAP EX	\$54,433	\$195,000	\$195,000	\$408,701	109.59%
TOTAL	\$599,689	\$664,268	\$684,293	\$1,155,613	73.97%

Street FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
<i>Streets Superintendent</i>	0	0	0	0	1
<i>Streets Supervisor</i>	0	0	1	1	1
<i>Traffic Safety Technician</i>	0	0	0	0	1
<i>Maintenance Worker I</i>	0	0	2	2	3
TOTAL	0	0	3	3	6

Restricted Revenue Trusts

The Restricted Revenue Trust Funds are separated in different funds due to being restricted for a specific purpose and to separate these funding sources from operating funds. In prior fiscal years, these funds were incorporated within the General Fund or Utilities Fund. With the exception of Water & Sewer Improvement Funds, these restricted revenue trusts are a Governmental Fund type. Monies in the restricted revenue trusts are restricted based upon the circumstances of their receipt. Restrictions are placed on the use of these trusts funds for a number of reasons including, but not limited to laws, ordinances, grant contracts, donations, etc.

The City manages the following restricted revenue trusts:

- Special Revenue Fund
- Grant fund
- Eastside Park Trust
- Fire Trust
- Park Trust
- State Seizure and Federal Seizure Funds
- Tax Increment Reinvestment Fund
- Street Capital Improvement Fund
- Water & Sewer Improvement Funds (Impact and Developer Fees)

Special Revenue Fund

These funds are used to account for funds that have external legal restrictions associated with their use. This fund includes the following types of revenues: Court Technology fees, Court Building Security fees, Child Safety fees, and Cable Public Education Government (PEG) Fees.

The Court Technology fees account for a portion of court fines to support the use of technology in

the court room. The FY 2018 budget includes the annual software licensing of the ticket writers. The Building Security fees are used to maintain security in the court room and is budgeted for overtime pay to officers acting as a bailiff for the court when necessary.

The Child Safety fees account for a portion of Collin County court fees that can be used to fund various programs designed to enhance child safety as outlined in State Code. As the City does not operate a school crossing guard program, the funds will be used on other public safety programs in accordance with State Code. The FY 2018 budget is being used for the Child Abuse Task Force membership.

PEG Fees are a portion of fees assessed by a cable franchise provider. These fees are restricted by state code to support a municipality's public access cable channel. These funds will be held in reserve until they can support an eligible expenditure. There are no funds budgeted to be spent in FY 2018.

	2016	2017	2018		
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
COURT TECHNOLOGY FEES	\$3,199	\$3,000	\$1,900	\$1,900	-57.89%
COURT BUILDING SECURITY FEES	\$2,469	\$2,500	\$1,428	\$1,428	-75.07%
CHILD SAFETY FEES	\$11,493	\$10,500	\$10,989	\$10,989	4.45%
PEG FEES	\$9,781	\$0	\$8,400	\$8,400	N/A
TOTAL REVENUE	\$26,941	\$16,000	\$14,317	\$14,317	-11.76%
	2016	2017	2018		
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
COURT TECHNOLOGY EXP	\$6,730	\$1,500	\$1,720	\$1,720	12.79%
COURT BUILDING SECURITY EXP	\$0	\$3,780	\$3,780	\$4,000	5.50%
CHILD SAFETY EXP	\$7,500	\$8,000	\$8,000	\$8,000	0.00%
PEG EXP	\$0	\$0	\$0	\$0	0.00%
TOTAL EXPENSE	\$14,230	\$13,280	\$13,500	\$13,720	3.31%

Grant Fund

The Grant Fund was created in FY 2018 in order to track grant awards previously budgeted in multiple funds in one fund separate from operating funds. Due to the fund being established in FY 2018, only the proposed FY 2018 budget is shown below. The fund is used to account for funds received from other state or federal government agencies that have restricted legal requirements and multi-year budgets. In the event matching funds are required for a grant, the City's matching portion is transferred from the applicable operating fund.

In FY 2018, the grants included in this fund are the Child Abuse Investigator/Family Violence Grant, a School Resource Officer Grant, a S.A.F.E.R. grant to fund to two full-time fire fighter positions, grant projects funded through the Texas Forestry Service, and funds from the Law Enforcement Officer Standards and Education, LEOSE funds. LEOSE funds and Texas Forestry Service grants received by the City of Anna will be used for acceptable training programs.

GRANT REVENUE	DEPARTMENT	PROPOSED 2018
CHILD ABUSE/FV INV GRANT	POLICE	\$79,871
SRO GRANT	POLICE	\$84,396
SAFER GRANT	FIRE	\$120,500
LEOSE	POLICE	\$1,479
TX FORESTRY SERVICE GRANT	FIRE	\$8,200
BULLET PROOF VEST GRANT	POLICE	\$1,507
TRANSFER IN GENERAL FUND		\$71,134
TOTAL REVENUE		\$367,087
GRANT EXPENSE	DEPARTMENT	2018
CHILD ABUSE/FV INV GRANT	POLICE	\$106,735
SRO GRANT	POLICE	\$100,825
SAFER GRANT	FIRE	\$146,834
LEOSE	POLICE	\$1,479
BULLET PROOF VEST GRANT	POLICE	\$3,014
TX FORESTRY SERVICE GRANT	FIRE	\$8,200
TOTAL EXPENSE		\$367,087

The Eastside Park Trust

The Eastside Park Trust was created from a private donation for improvements to the Eastside Park, otherwise known as Geer Park. The trust has a just over \$12,600 in fund balance; no additional resources are dedicated to grow the fund balance at this time. The available funds will be held in reserve until a project is selected for funding that meet the restrictions of the donation. All interest earnings from the donation are held in the same trust for the same purpose.

Fire Trust

The Fire Trust accounts for voluntary fees negotiated with developers for support of the Anna Fire Department. Fire Trust revenues and expenditures are illustrated below. The FY 2017 budget anticipated a decline in revenues; however, due to the continued growth the City is experiencing, developer fee revenue increased significantly. The FY 2018 budget reflects a conservative estimate for these fees. During FY 2018, it is anticipated that the Fire Trust will be used to purchase necessary tools and equipment.

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
DEVELOPER FEES	\$15,800	\$9,200	\$36,000	\$16,200	76.09%
SALE OF ASSETS	\$0	\$0	\$0	\$0	0.00%
GRANT REVENUE	\$28,572	\$0	\$0	\$0	0.00%
TRANSFERS IN	\$0	\$0	\$0	\$0	0.00%
INTEREST REVENUE	\$385	\$0	\$300	\$0	0.00%
TOTAL REVENUES	\$44,757	\$9,200	\$36,300	\$16,200	76.09%
	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
TOOLS & EQUIPMENT	\$0	\$0	\$0	\$9,800	0.00%
MACHINERY & EQUIPMENT	\$29,969	\$16,000	\$16,000	\$0	-100.00%
MOTOR VEHICLES	\$66,355	\$0	\$0	\$0	0.00%
OTHER CAPITAL	\$0	\$0	\$8,000	\$0	0.00%
EXPENDITURES					
TOTAL EXPENSE	\$96,325	\$16,000	\$24,000	\$9,800	-38.75%

Park Trust

The Park Trust is funded by park development fees as stipulated in either developer agreements or the subdivision ordinance and are used to fund the City's master parks plan through development, improvement, or maintenance of the City's parks. Park Trust revenues and expenditures are illustrated below. Estimated and proposed revenues are the result of building activity in the City. In FY 2018, the proposed expenditures in the Parks Trust include improvements to Natural Springs for the driveway and parking lot and dredging the upper and lower ponds.

	2016	2017	2018		
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
DEVELOPER FEES	\$115,750	\$150,000	\$513,500	\$193,250	28.83%
GRANT REVENUE	\$0	\$289,500	\$45,000	\$0	-100.00%
INTEREST REVENUE	\$1,579	\$0	\$1,500	\$1,500	0.00%
TOTAL REVENUES	\$117,329	\$439,500	\$560,000	\$194,750	-55.69%

	2016	2017	2018		
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
TOOLS & EQUIPMENT	\$1,850	\$0	\$0	\$0	0.00%
MAINT & REPAIR - GROUNDS	\$863	\$0	\$0	\$9,000	0.00%
OTHER SERVICES	\$0	\$0	\$9,000	\$0	-100.00%
OTHER SUPPLIES-MISC.	\$0	\$0	\$0	\$1,500	0.00%
LAND & IMPROVEMENTS	\$0	\$0	\$45,000	\$250,000	0.00%
DEVELOPER REIMBURSEMENTS	\$0	\$43,500	\$0	\$0	-100.00%
OTHER CAPITAL EXPENDITURES	\$58,041	\$369,000	\$208,063	\$0	-100.00%
TOTAL EXPENSE	\$60,754	\$412,500	\$262,063	\$260,500	-36.85%

State and Federal Seizure Funds

Police Seizure Funds are funds recognized from revenues generated from property seized in connection with illegal activity, once they are forfeited after prosecution. Funds can only be used in accordance with applicable state and federal laws. These funds can only be used to support the Police Department. Typically, the City has used these funds only for capital purchases in the Police Department, not to supplement operations. Seizure funds are held in reserve until a sufficient balance can support a specific need. No expenditures are budgeted for FY 2018.

Street Capital Improvement Funds

The City has three funds for street capital improvements. These funds account for fees negotiated with developers for the improvements of streets and roadway impact fees. There are two funds set up to track the two different service areas separately and one set up to track the developer agreements. The City is working to build up this fund for the strategic roadway improvements. The developer reimbursement is based upon an agreement negotiated between the City and a developer to reimburse the developer for roadway improvements that benefit the City. The projected revenue to be received during FY 2018 for street capital improvements is projected to be \$258,350 with \$109,350 being reimbursed back to the developers.

Water & Sewer Improvement Funds (Impact and Developer Fees)

The city maintains four funds to account for water and sewer impact and water and sewer developer fees to be used in accordance with applicable laws, regulations, and ordinances. These funds are typically held in reserve for the use of one time expenditures and not to supplement operations. The projected revenue to be received during FY 2018 for water and sewer improvements is \$840,000 with \$324,000 being reimbursed back to the developer.

Tax Increment Reinvestment Fund

The Tax Increment Reinvestment Fund was created to account for the tracking of property tax revenues and associated expenses for the city's tax increment financing agreements. No expenditures are budgeted for FY 2018.

Debt Service Fund

Revenue

The Debt Service Fund is a special revenue fund used to account for a portion of the ad valorem property tax revenue exclusively reserved for principal and interest payments on debt issued for General Fund purposes. Unlike Enterprise Funds, which are intended to operate like a business enterprise, the General Fund's intent is to focus on the flow of current financial resources.

Debt accounted for in the Debt Service Fund includes bonded debt and notes supported by taxes. Bonded debt includes general obligation bonds, certificates of obligations and combination tax and revenue certificates of obligation.

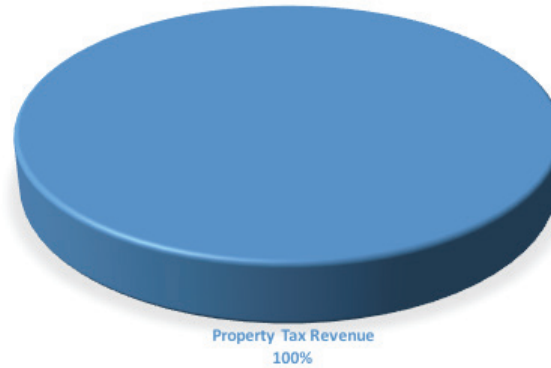
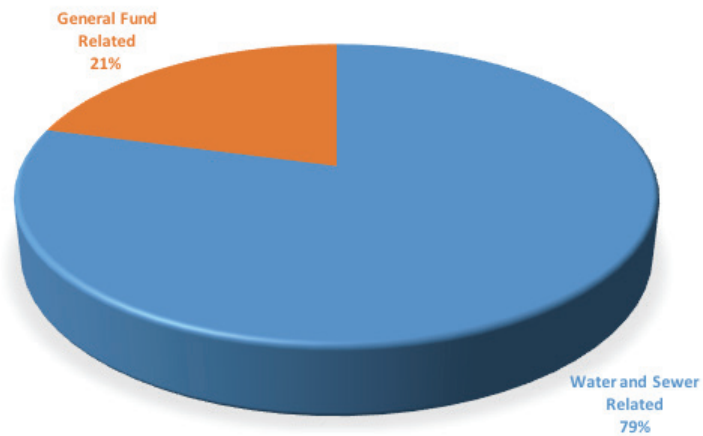
Revenues generated from the City's Interest and Sinking (I&S) portion of the tax rate are deposited into the Debt Service Fund and are dedicated to pay the principal and interest of outstanding debt secured by property taxes. All debt issued for general government purposes is accounted for in the Debt Service Fund. However, from time to time, the City has also issued combination tax and revenue certificates of obligation to support water and sewer infrastructure projects. These bonds are accounted for in the Utility Fund. Under these Bond Covenants, there remains a tax pledge to

support the debt if surplus revenues from the water and sewer operations are not sufficient to make the debt payments. Of the outstanding Debt Service Obligations for FY 2018, 79% is related to tax secured debt issued for water and sewer projects.

The total debt service on tax secured debt for FY 2018 is \$1,091,329. The I&S revenue is budgeted at \$1,091,329. Approximately \$674,435 in I&S revenue will be transferred to the Utility Fund to support debt service on tax pledged debt issued for water & sewer infrastructure. It is anticipated that approximately the same amount is excess revenue generated from Utility Fund operations will be transferred to the Capital Projects Fund to fund future construction of municipal facilities.

Debt Service Revenue Detail

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
Property Tax Revenue	\$664,863	\$889,542	\$907,048	\$1,091,329	22.68%
Other Sources	\$1,070	\$0	\$0	\$1,400	0.00%
Total	\$665,933	\$889,542	\$907,048	\$1,092,729	22.84%

FY 2018 PROPOSED DEBT SERVICE REVENUE**FY 2018 OUTSTANDING TAX SECURED DEBT**

Debt Service Fund

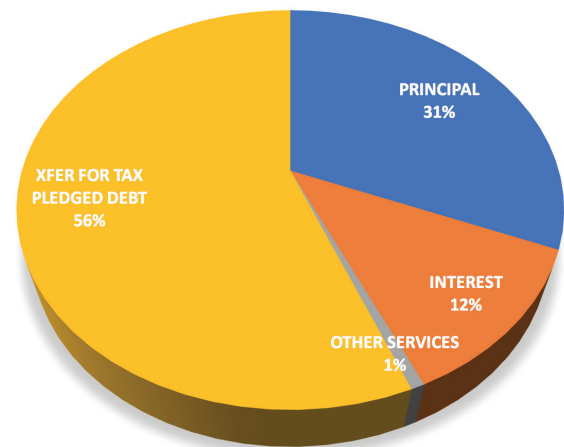
Obligations

The City of Anna currently holds just over \$15.3 million in outstanding tax supported debt. Of the outstanding tax supported debt, \$12.1 million was issued for water and sewer infrastructure projects and is payable from water and sewer revenues; however, to obtain more favorable financing terms, the debt has a tax pledge. The balance of tax supported debt, just under \$3.2 million, was issued for general fund purposes. In April of 2017, the City's certificate of obligation debt rating received a rating increase by Fitch Ratings' from A to AA-, citing "exceptionally strong financial operations, solid expenditure flexibility and strong revenue growth prospects, as well as the city's substantial independent ability to raise revenues."

FY 2018 Proposed Debt Service Budget

The debt service obligations since FY 2016 are detailed below, including expenditures for Utility Fund Debt with a tax pledge. The transfer for tax pledged debt is a transfer to the Utility Fund to support debt service obligations for the water & sewer debt with a tax pledge. The transfer to support tax pledged debt will be used solely to support debt service on combination tax and revenue certificates (Bonds) issued for water and sewer infrastructure and accounted for in the Water & Sewer Fund.

Details of the debt service obligations are below:



Debt Service Expenditure Details

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PRINCIPAL	\$307,000	\$267,000	\$328,000	\$297,000	11.24%
INTEREST	\$118,788	\$152,618	\$87,349	\$114,738	-24.82%
OTHER SERVICES	\$3,265	\$2,500	\$10,806	\$6,556	162.24%
XFER FOR TAX PLEDGED DEBT	\$187,000	\$467,424	\$467,424	\$674,435	44.29%
Total	\$616,053	\$889,542	\$893,579	\$1,092,729	22.84%

Debt Management Plan

The City has worked closely with our financial advisors, First Southwest, to develop a sound debt management plan. Looking to the future, the City anticipates spikes in our debt service from in FY 2020 and FY 2026. Left unaddressed, this could lead to a spike in I&S tax rates as well.

The table below illustrates the total annual debt service for all tax pledged debt through FY 2034.

In order to keep the Debt Service tax rate stable, the City of Anna and First Southwest, our financial advisor, have developed a series of planned refundings of existing debt. This plan is based upon very conservative assumptions in growth of the property tax base and interest rates. Additionally, the planned refundings are scheduled to coincide with interest rate resets and, where possible, refunding bonds that are callable and advance refundable. In this way the plan will minimize the present value cost to the city.

Outstanding Debt Schedule - Tax Pledged Debt

PERIOD ENDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	% CHANGE
9/30/18	504,000	583,579	1,087,579	7.50%
9/30/19	706,000	689,387	1,395,387	28.30%
9/30/20	1,047,000	642,275	1,689,275	21.06%
9/30/21	966,000	579,264	1,545,264	-8.53%
9/30/22	995,000	523,226	1,518,226	-1.75%
9/30/23	1,034,000	463,576	1,497,576	-1.36%
9/30/24	1,095,000	399,940	1,494,940	-0.18%
9/30/25	1,171,000	332,021	1,503,021	0.54%
9/30/26	1,380,000	257,086	1,637,086	8.92%
9/30/27	896,000	200,760	1,096,760	-33.01%
9/30/28	830,000	168,275	998,275	-8.98%
9/30/29	855,000	135,613	990,613	-33.85%
9/30/30	815,000	106,801	921,801	-38.34%
9/30/31	840,000	81,830	921,830	-38.67%
9/30/32	870,000	55,999	925,999	-43.44%
9/30/33	905,000	29,183	934,183	-14.82%
9/30/34	\$425,000	\$7,756	432,756	-56.65%
TOTAL	15,334,000	5,256,571	20,590,571	

The chart below illustrates the outstanding general fund related debt through FY 2029. The amounts included here represent just the portion of all tax secured debt that was issued for general fund purposes.

The amounts reflected do not include any projected savings from planned refundings.

Outstanding Debt Schedule - GO Debt

PERIOD ENDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	% CHANGE
9/30/18	297,000	114,738	411,738	-0.87%
9/30/19	276,000	135,437	411,437	-0.07%
9/30/20	292,000	121,457	413,457	0.49%
9/30/21	309,000	108,288	417,288	0.93%
9/30/22	315,000	95,939	410,939	-1.52%
9/30/23	335,000	82,939	417,939	1.70%
9/30/24	341,000	68,987	409,987	-1.90%
9/30/25	361,000	54,181	415,181	1.27%
9/30/26	373,000	38,573	411,573	-0.87%
9/30/27	161,000	25,010	186,010	-54.81%
9/30/28	65,000	14,625	79,625	-57.19%
9/30/29	65,000	4,875	69,875	-12.24%
TOTAL	3,190,000	865,048	4,055,048	

The City does not currently have any debt limit in terms of a dollar amount. However, municipal debt limits in Texas are established by state code. All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance.

The proposed budget has an ad valorem tax rate of \$0.601288 per \$100 Taxable Assessed Value. Of that amount, \$0.122418 is dedicated to I&S, or Debt Service.

The following are planned steps to manage the City's I&S Fund tax rate:

1. The City has levied an Interest and Sinking Fund tax rate of \$0.122418 in Tax Year 2017.
2. The City's tax base is now at \$891,474,571 which means the City is not dependent on future refundings and restructurings to manage its I&S tax rate.
3. Assuming 0% growth, no debt refundings/ restructurings and no new debt; the City could cover all of its I&S tax-supported obligations through maturity in 2034 at current revenue levels.
4. The City still plans to implement the following refundings in early FY 2018:
 - a. Refunding of Series 2009 Certificates on or before February 15, 2018 to avoid interest rate reset to 15%. NO EXTENTION OF ORIGINAL MATURITY.

If completed, the refundings referenced in time would support capacity for future general fund bond issues for needs that arise as the City continues to grow and develop. All refundings will be carefully analyzed by staff, our financial advisors, and the City Council. The City's debt management plan is a joint effort with our financial advisors. Additionally, with Wal-Mart opening in April 2017, there may be the opportunity to use sales tax revenue to support General Fund operations and create capacity to fund new debt without increasing the overall tax rate. There are a number of future capital facility needs that would be funded through debt. The financing strategy has been reviewed by Council and staff and will be reevaluated once Wal-Mart revenues have been analyzed and the refundings have occurred. The items presented here have been developed with our advisors and are only for planning purposes. Actual results and actions will be dependent upon the economic conditions at the time refundings are considered.

Utility Fund

Revenue

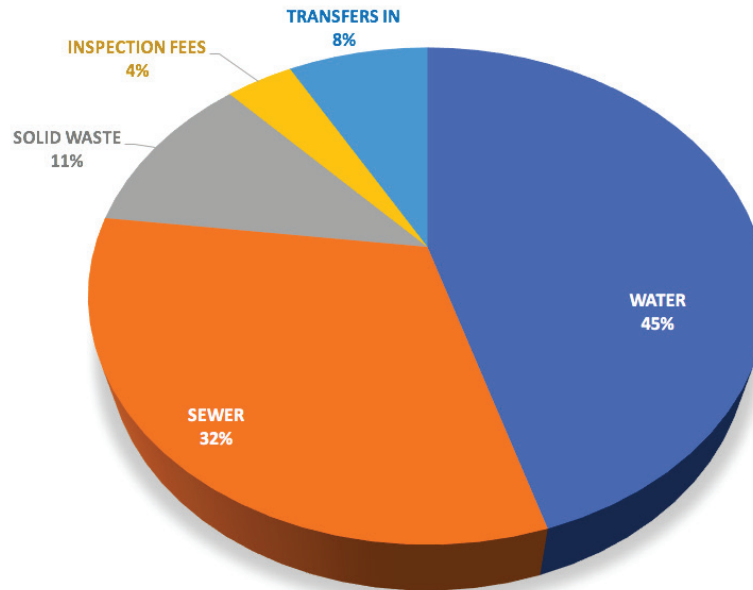
The Utility Fund is an enterprise fund that accounts for the water, sewer, inspection fees, and solid waste collection services that are provided to the City's residents including some customers outside the City. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business. The intent is that the costs of providing goods or services are financed primarily through user charges.

The Utility Fund accounts for all costs associated with operating the City's Utility Services; this includes operations, maintenance, billing & collections, administration, financing, and related debt service.

The Utility Fund's principle source of revenue is charges to customers for water consumption, wastewater collection, solid waste collection, and fees related to providing consumers with utility services. The FY 2018 proposed revenue also includes inspection fees for public infrastructure inspections. Rather than contract for this service, the city hired construction inspectors beginning in FY 2015 to inspect public infrastructure projects funded through public and/or private development. Additionally, the Utility Fund includes a transfer from the Debt Service Fund to support debt service on debts issued for water & sewer infrastructure that includes a tax pledge.

The City of Anna utility rates include a base charge and a volumetric rate for water consumption beyond 2,000 gallons per month. The base rate provides stability in our revenue as water sales are more volatile than other revenue sources and change based upon the climate and precipitation. Customer growth has helped ease pressure on utility rates and water and sewer rates are projected to remain unchanged for FY 2018. However, GTUA water costs are projected to increase 52% as rates and demand for treated surface water are projected to increase in FY 2018.

FY 2018 PROPOSED REVENUE



Utility Fund Revenue Summary by Department

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
WATER	\$3,455,636	\$3,430,964	\$3,739,100	\$3,787,856	10.40%
SEWER	\$2,099,783	\$2,274,144	\$2,379,995	\$2,653,438	16.68%
SOLID WASTE	\$818,317	\$846,000	\$872,486	\$930,013	9.93%
INSPECTION FEES	\$313,188	\$145,000	\$769,000	\$322,187	122.20%
TRANSFERS IN	\$187,000	\$467,424	\$467,424	\$674,435	44.29%
TOTAL	\$6,873,924	\$7,163,532	\$8,228,005	\$8,367,929	16.81%

Utility Fund

Expenditures

The Utility Fund accounts for all the costs associated with providing and maintaining utility services. These services are provided by the Admin, Water, Sewer, Solid Waste, and Utility Billing departments. Departmental summaries are provided with expenditures categorized by type. Like the General Fund, these types are payroll, supplies, maintenance, and capital expenditures; however, the Water & Sewer Fund includes transfers to the capital project fund to support future facility needs.

The chart below illustrates the percentage of costs associated with each department. The tables below illustrates a brief history from FY 2016 through FY 2018. The table includes actual costs from FY 2016, budgeted and estimated costs for FY 2017, proposed budget for FY 2018, and the percent change from the FY 2017 budget.

The departmental summaries provide greater detail on increased expenditures; however, the bulk of

the increase is due to the addition of 6.5 FTE's to the Utility Fund and an increase in services for GTUA water purchases.

The table below illustrates the total increase of 16.81% is primarily due to payroll costs and the transfer to capital projects. The changes will be discussed in the departmental summaries.

Utility Fund Expenditure Summary by Department

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
ADMINISTRATION	\$575,689	\$583,571	\$552,057	\$740,765	26.94%
WATER	\$2,600,965	\$2,591,239	\$2,472,737	\$3,170,478	22.35%
SEWER	\$2,768,502	\$2,519,165	\$2,040,092	\$2,617,387	3.90%
SOLID WASTE	\$693,798	\$731,000	\$736,352	\$785,319	7.43%
UTILITY BILLING	\$240,278	\$307,022	\$313,425	\$379,545	23.62%
XFER TO CAPITAL PROJECTS	\$15,000	\$431,535	\$467,424	\$674,435	56.29%
TOTAL	\$6,894,230	\$7,163,532	\$6,582,086	\$8,367,929	16.81%

Utility Fund Expenditure by Type

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	BASE	% CHANGE
PAYROLL	\$967,013	\$1,148,116	\$1,141,587	\$1,645,052	43.28%
SUPPLIES	\$81,982	\$93,173	\$100,637	\$107,793	15.69%
MAINT	\$408,199	\$352,900	\$304,100	\$345,800	-2.01%
SERVICES	\$5,189,461	\$5,137,808	\$4,568,338	\$5,545,362	7.93%
CAP EX	\$232,577	\$0	\$0	\$49,487	0.00%
XFER TO CAPITAL PROJECTS	\$15,000	\$431,535	\$467,424	\$674,435	56.29%
TOTAL	\$6,894,230	\$7,163,532	\$6,582,086	\$8,367,929	16.81%

60-400 Administration

Purpose / Description

The Administrative Department provides general administrative support to all the functions, programs, activities, and projects in Public Works and the Utility Fund. These activities have costs not readily assignable to any specific department. Administration covers a number of shared expenses at Public Works headquarters (utilities, supplies, etc.) as well as other Utility Fund expenses (i.e. IT, Legal, and Audit services, Construction Inspections).

FY 2017 Accomplishments

- Hosted National Public Works Week event and continued community outreach programs.
- Completed design of the following projects:
 - o Hackberry Rd.
 - o US 75 Utility Relocation Project
 - o Foster Crossing Water Line
- Completed design and began construction on the following projects:
 - o Water Disinfection Upgrades
 - o Hackberry Elevated Storage Tank
 - o Throckmorton Creek Wastewater Interceptor
 - o Sherley Above Ground Storage Tank Rehabilitation
- Coordinated with TxDOT, NCTCOG and Collin County on Transportation Priorities including Ferguson Parkway. As a result, \$70+ million was allocated towards TxDOT projects affecting the City of Anna
- Began developing new design standards and details
- Created a page on our website containing forms and standards pertinent to infrastructure construction

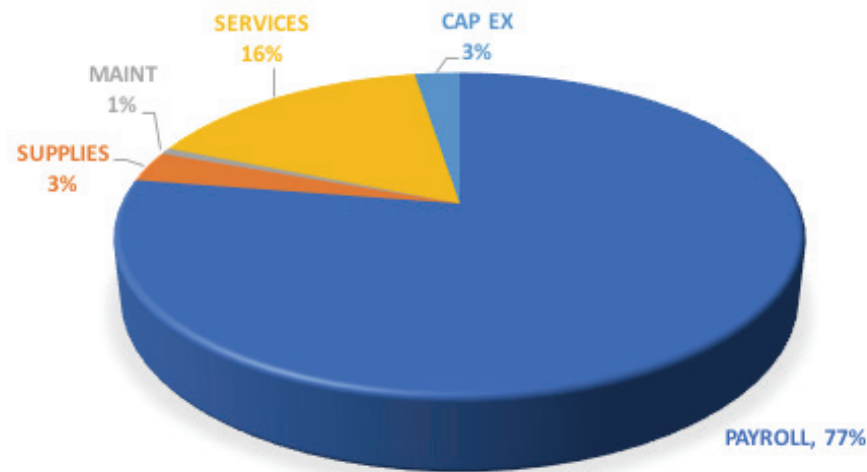
FY 2018 Objectives

- Adopt new construction design standards and details
- Adopt a storm drainage design and erosion control manual
- Complete the following projects:
 - o Foster Crossing Water Line
 - o Hackberry Rd. Reconstruction
 - o Asphalt Rehabilitation
 - o US 75 Utility Relocation
- Complete design and right-of-way acquisition for Rosamond Parkway and seek funding opportunities for construction
- Continue coordination with TxDOT, NCTCOG and Collin County related to transportation projects
- Continue to host National Public Works Week and expand community outreach programs
- Begin engineering for SH5 utility relocation project

New & Noteworthy for FY 2018

- Increased payroll costs
 - o The City's costs for insurance benefits increased
 - o Funding of COLA and merit based wage adjustments
- The Public Works Superintendent position is reclassified as Assistant Director of Public works
- An Engineering Superintendent will be added to oversee capital projects and construction inspections

FY 2018 PROPOSED ADMIN BUDGET



Admin Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$380,256	\$435,592	\$435,592	\$574,000
SUPPLIES	\$15,831	\$20,950	\$19,000	\$22,720
MAINT	\$3,336	\$3,500	\$3,300	\$4,900
SERVICES	\$87,461	\$123,529	\$94,165	\$120,289
CAP EX	\$88,805	\$0	\$0	\$18,856
TOTAL	\$575,689	\$583,571	\$552,057	\$740,765
				% CHANGE
				31.77%
				8.45%
				40.00%
				-2.62%
				0.00%
				26.94%

Administration FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Director of Public Works	0	0	1	1	1
Asst Director of Public Works	0	0	0	0	1
PW Superintendent	0	0	1	1	0
Engineering Superintendent	0	0	0	0	1
Construction Inspector	0	0	2	2	2
Administrative Assistant	0	0	1	1	1
TOTAL	0	0	5	5	6

60-701 Water

Purpose / Description

The Water Department is responsible for the operation and maintenance of the City's water production and distribution system that includes the operation of seven groundwater production wells and connections to treated surface water purchased from the Greater Texoma Utility Authority through a contract with the North Texas Municipal Water District.

FY 2017 Accomplishments

- Reduced water loss through meter replacements, improved record keeping and field monitoring.
- Completed TCEQ site survey completed with no significant findings.
- Completed SCADA upgrades allowing the water system to operate more efficiently.
- Managed water system through a period of record growth and increased call for service.
- Improved customer service through staff training and new Service Order Technician.
- Completed installation of the Automated Metering System.
- Completed the Hackberry elevated storage project and the Sherley above ground storage project
- Construct Water Disinfection Upgrades (on going)

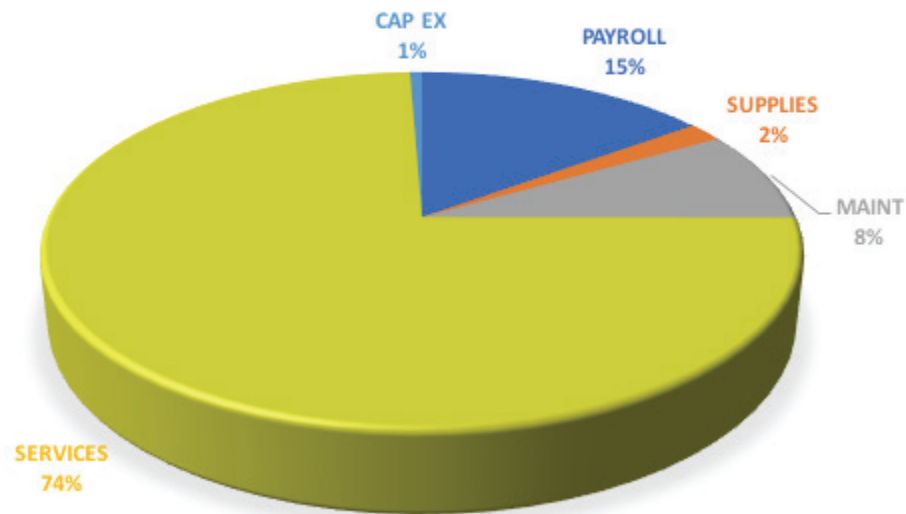
FY 2018 Objectives

- Apply for "Superior" water system rating with the TCEQ.
- Complete the construction of the following projects:
 - Foster Crossing Water Line Project
 - Collin Pump Station Activation Project
 - US 75 Utility Relocation Project
- Complete GPS location of existing valves and add additional valves.
- Update and improve water maps including Master Plan maps.
- Complete SCADA upgrades to improve operational efficiency.

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments
- A Water Superintendent will be added to the Water Department to oversee operations of our water system
- A Water Operator will be added to the Water Department to oversee water production operations
- A Water Maintenance Worker will be added to assist with operations and maintenance of our water system.
- Increased cost for purchase of treated surface water through regional partnership with Greater Texoma Utility Authority (GTUA)

FY 2018 PROPOSED WATER BUDGET



Water Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$216,735	\$248,883	\$269,450	\$473,652
SUPPLIES	\$39,351	\$46,004	\$54,408	\$56,104
MAINT	\$332,647	\$265,200	\$252,800	\$264,100
SERVICES	\$1,986,036	\$2,031,152	\$1,896,079	\$2,357,235
CAP EX	\$26,196	\$0	\$0	\$19,387
TOTAL	\$2,600,965	\$2,591,239	\$2,472,737	\$3,170,478
				% CHANGE
				90.31%
				21.95%
				-0.41%
				16.05%
				0.00%
				22.35%

Water FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Water Superintendent	0	0	0	0	1
Water Supervisor	0	0	1	1	1
Maintenance Worker II	0	1	1	1	1
Maintenance Worker I	8	7	2	2	3
Water Operator	0	0	0	0	1
Field Supervisor - PW	1	1	0	0	0
Crew Leader - PW	1	1	0	0	0
TOTAL	10	10	4	4	7

60-705 Sewer

Purpose / Description

The Sewer Department is responsible for the operation and maintenance of the City's wastewater collection and treatment system that includes the operation of a 500 mgd wastewater treatment plant and connections to the North Texas Municipal Water District Upper East Fork Regional Interceptor System.

FY 2017 Accomplishments

- Continued "Cease the Grease" public education program and promoted at Public Works Week.
- Reduced storm water inflow by locating and repairing numerous inflow points.
- Initiated the Inflow and Infiltration Study
- Renewed the WWTP TPDES Permit
- Increased number of in-house lift station repairs
- Complete the Throckmorton Creek Trunk Sewer Project (on going)

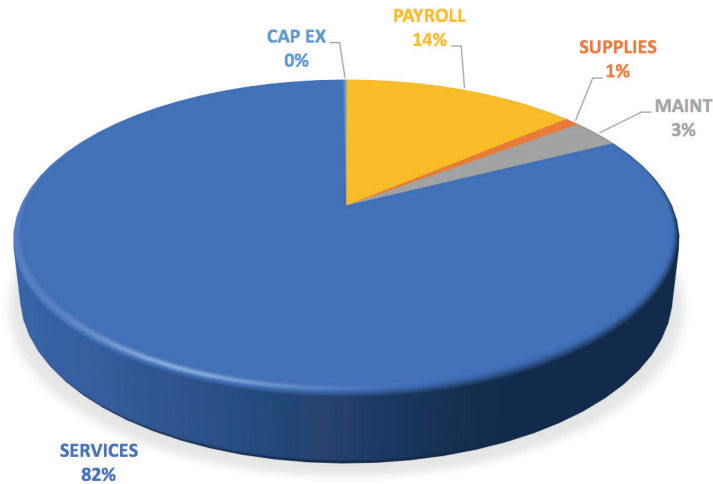
FY 2018 Objectives

- Complete Inflow and Infiltration engineering study.
- Create and implement Capacity, Management, Operation and Maintenance (CMOM) program.
- Continue inflow and infiltration repairs.
- Increase preventative maintenance on wastewater collection system.
- Continue to pursue membership status in NTMWD UEFIS.
- Remove 2 lift stations from service (Throckmorton and Rattan).
- Update and improve wastewater maps including Master Plan maps.

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments
- Two Wastewater Maintenance Workers will be added to the Sewer Department to assist with operations and maintenance of our wastewater system
- The Wastewater Supervisor position is reclassified as Wastewater Superintendent

FY 2018 PROPOSED SEWER BUDGET



Sewer Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$224,058	\$259,629	\$252,795	\$359,746
SUPPLIES	\$23,352	\$19,444	\$20,304	\$23,144
MAINT	\$71,697	\$83,400	\$47,200	\$76,000
SERVICES	\$2,331,819	\$2,156,692	\$1,719,793	\$2,154,020
CAP EX	\$117,576	\$0	\$0	\$4,477
TOTAL	\$2,768,502	\$2,519,165	\$2,040,092	\$2,617,387
				% CHANGE
				38.56%
				19.03%
				-8.87%
				-0.12%
				0.00%
				3.90%

Sewer FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Wastewater Superintendent	0	0	0	0	1
Wastewater Supervisor	0	0	1	1	0
Senior Wastewater Operator	1	1	1	1	1
Wastewater Operator	1	1	0	0	0
Maintenance Worker II	0	0	0	0	1
Maintenance Worker I	0	0	2	2	3
TOTAL	2	2	4	4	6

60-708 Solid Waste

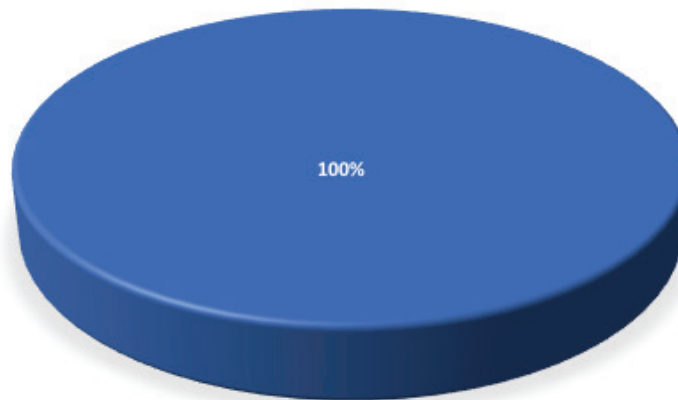
Purpose / Description

Solid Waste service is currently provided by Bradshaw & Sons through a contract with the City. The Solid Waste Department does not have any personnel costs as it is a contracted service.

New & Noteworthy for FY 2018

- Increase in costs are by increase in solid waste customers

FY 2018 PROPOSED SOLD WASTE BUDGET



Solid Waste Expenditure Summary

	2016	2017	2018		
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$0	\$0	\$0	\$0	0.00%
SUPPLIES	\$0	\$0	\$0	\$0	0.00%
MAINT	\$0	\$0	\$0	\$0	0.00%
SERVICES	\$693,798	\$731,000	\$736,352	\$785,319	7.43%
CAP EX	\$0	\$0	\$0	\$0	0.00%
TOTAL	\$693,798	\$731,000	\$736,352	\$785,319	7.43%

60-710 Utility Billing

Purpose / Description

Utility billing is responsible for the billing of water, sewer, and trash collection services provided to the citizens of Anna and other customers of the City's utility system.

FY 2017 Accomplishments

- Worked with Public Works Department on the implementation of the new AMI system
- Worked with the consultant to update the utility rate model
- Established additional online payment method
- Continued to partner with AMS collection agency to increase collection on delinquent UB accounts

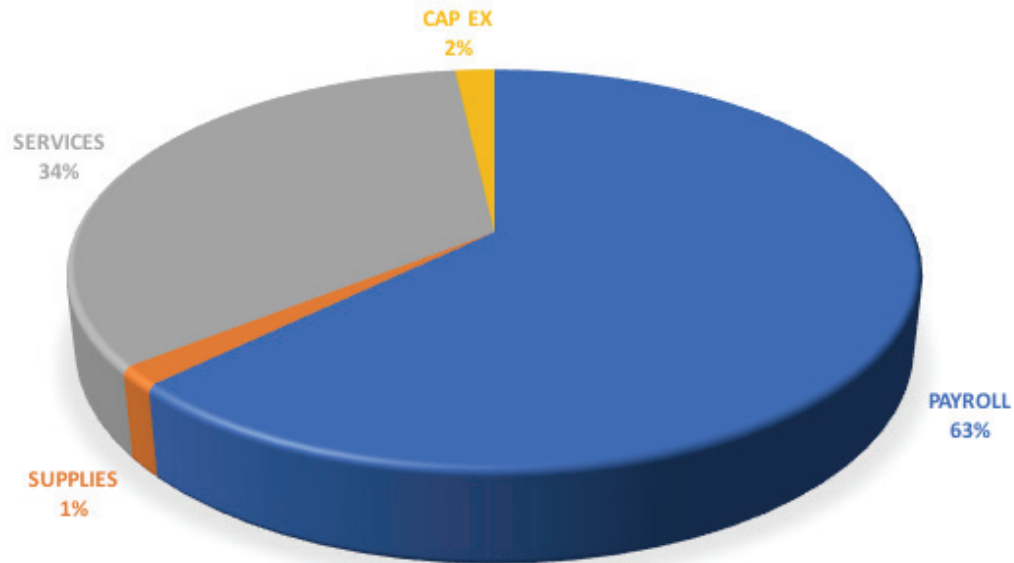
FY 2018 Objectives

- Provide all UB forms on City website in a user-friendly format (coordinate with updating website)
- Continue working with AMS on delinquent account collections
- Continue to explore improvements to payment options for paying utility bills
- Ensure all staff is knowledgeable with the customer portal for the Neptune Meter System
- Work to increase confidence of citizens in the Utility Billing Department

New & Noteworthy for FY 2018

- Increased payroll costs
 - The City's costs for insurance benefits increased
 - Funding of COLA and merit based wage adjustments
- A part-time Utility Billing Clerk will be added to the Utility Billing Department to assist with the increasing work load
- Increased cost for processing utility bills and on-line payments

FY 2018 PROPOSED UTILITY BILLING BUDGET



Utility Billing Expenditure Summary

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	\$145,964	\$204,012	\$183,750	\$237,654	16.49%
SUPPLIES	\$3,447	\$6,775	\$6,925	\$5,825	-14.02%
MAINT	\$519	\$800	\$800	\$800	0.00%
SERVICES	\$90,348	\$95,435	\$121,950	\$128,499	34.65%
CAP EX	\$0	\$0	\$0	\$6,767	0.00%
TOTAL	\$240,278	\$307,022	\$313,425	\$379,545	23.62%

Utility Billing FTE Schedule

Description	FY14	FY15	FY16	FY17	FY18
Customer Service Manager	1	1	1	1	1
Senior Utility Billing Clerk	1	1	1	1	1
Work Order Technician	0	0	0	1	1
UB Clerk	0	0	0	0	0.5
Receptionist	0.5	0.5	0.5	0.5	0.5
TOTAL	2.5	2.5	2.5	3.5	4

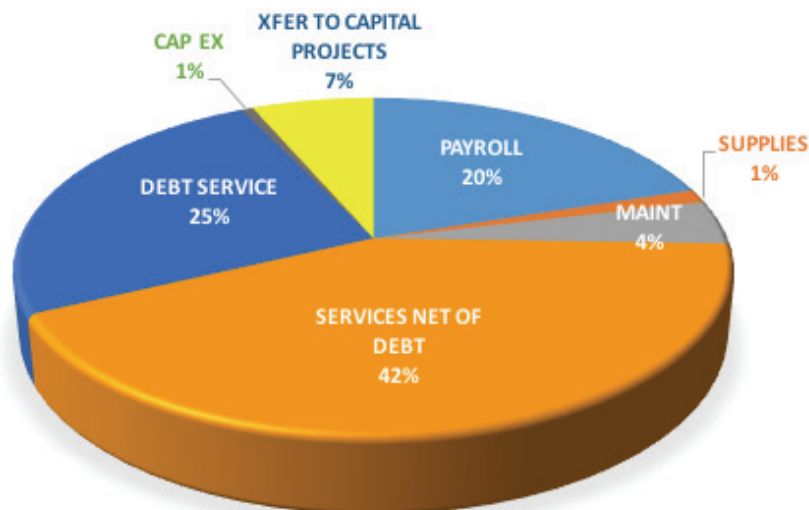
Utility Fund

Debt

Unlike the General Fund, there is no special fund to account for Utility Fund debt. All Utility Fund debt is accounted for within the Utility Fund. An Enterprise Fund is focused upon the total cost of providing services. With that focus in mind, the Utility Fund includes all costs to provide utility services to our customers, including the cost of long term debt service.

All debt accounted for in the Utility Fund is supported by the revenues generated from the Utility Fund's operations. While some debt instruments have a tax pledge, utility revenues are generally sufficient to support all Utility Fund debt; however the FY 2018 budget includes a transfer of \$674,435 from Debt Service Fund revenues to support tax pledged debt in the Utility Fund. It is anticipated that approximately the same amount in excess revenue generated from Utility Fund operations will be transferred to the Capital Projects Fund to fund future construction of municipal facilities. In FY 2018, debt service accounts for 25% of the Utility Fund budget. In the department summaries, debt is split between the water and sewer departments and is grouped with "services" for purposes of categorizing expense types. However, Utility Fund debt it is highlighted here to illustrates its specific share of the budget.

FY 2018 UTILITY FUND SHOWING DEBT



Debt Management Plan

Not unlike the Debt Service Fund, the Utility Fund also faces challenges with its outstanding debt. Currently the Utility Fund holds just over \$24.7 million in outstanding debt. The City has worked closely with our financial advisors, First Southwest, to develop a sound debt management plan for the Utility Fund as well. Looking to the future, the City anticipates a spike in debt service in 2020 and 2026. Left unaddressed, this could lead to increases in utility rates to support the debt payments.

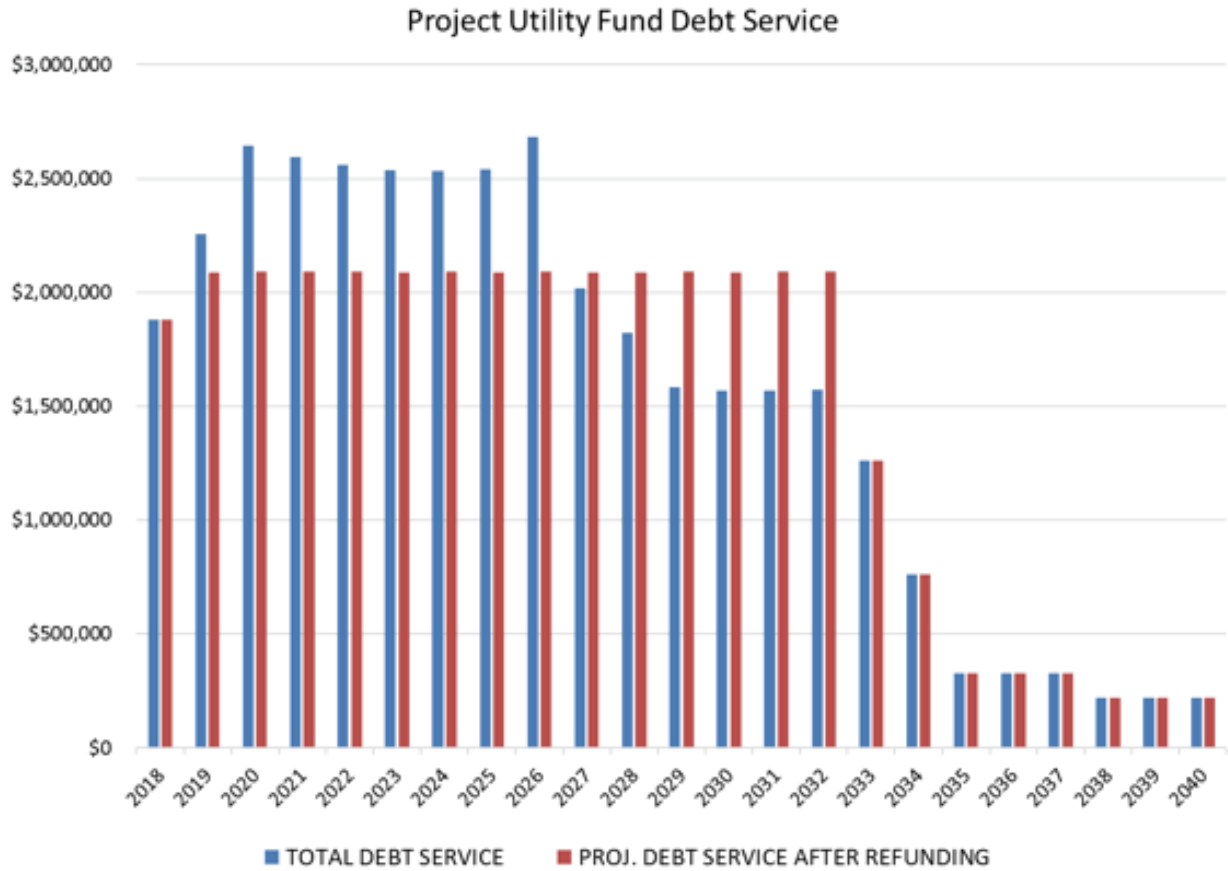
In order to appropriately manage Utility Fund debt, the City and First Southwest developed a plan to take advantage of call dates and pursue advance refundings of the City's outstanding Utility Fund debt. Every effort has been made to minimize the present value costs to the City. The current plan makes very conservative assumptions regarding interest rates and was reviewed and analyzed in conjunction with a utility rate study to evaluate the current water and sewer rates. Depending on market conditions and the City's growth, refundings are slated for early in FY 2018. These refundings will also free up cash and reduce pressure on utility rates.

The following table outlines the current and future debt payments. The table along with the subsequent chart details the debt payments through 2040.

Utility Fund Outstanding Debt Schedule

PERIOD ENDING	PRINCIPAL	INTEREST	INTEREST REDUCTION & RECOVERY	TOTAL DEBT SERVICE	PROJ. DEBT SERVICE AFTER REFUNDING	% CHANGE
9/30/2018	\$784,500	\$1,094,606		\$1,879,106	\$1,879,106	4%
9/30/2019	\$996,250	\$1,155,882	\$103,742	\$2,255,874	\$2,087,644	11%
9/30/2020	\$1,443,750	\$1,098,127	\$103,742	\$2,645,619	\$2,089,282	0%
9/30/2021	\$1,473,250	\$1,017,507	\$103,742	\$2,594,499	\$2,090,407	0%
9/30/2022	\$1,518,750	\$936,862	\$103,742	\$2,559,354	\$2,092,382	0%
9/30/2023	\$1,580,250	\$851,771	\$103,742	\$2,535,763	\$2,088,816	0%
9/30/2024	\$1,669,000	\$761,356	\$103,742	\$2,534,098	\$2,092,008	0%
9/30/2025	\$1,772,500	\$665,498	\$103,742	\$2,541,740	\$2,088,224	0%
9/30/2026	\$2,122,000	\$560,456		\$2,682,456	\$2,089,878	0%
9/30/2027	\$1,553,750	\$463,695		\$2,017,445	\$2,087,673	0%
9/30/2028	\$1,423,750	\$398,991		\$1,822,741	\$2,088,837	0%
9/30/2029	\$1,240,000	\$342,055		\$1,582,055	\$2,091,406	0%
9/30/2030	\$1,273,750	\$293,051		\$1,566,801	\$2,088,557	0%
9/30/2031	\$1,325,000	\$242,044		\$1,567,044	\$2,090,791	0%
9/30/2032	\$1,382,500	\$188,713		\$1,571,213	\$2,091,728	0%
9/30/2033	\$1,127,500	\$132,842		\$1,260,342	\$1,260,342	-40%
9/30/2034	\$661,250	\$98,546		\$759,796	\$759,796	-40%
9/30/2035	\$248,750	\$77,134		\$325,884	\$325,884	-57%
9/30/2036	\$263,750	\$62,764		\$326,514	\$326,514	0%
9/30/2037	\$280,000	\$47,500		\$327,500	\$327,500	0%
9/30/2038	\$185,000	\$34,397		\$219,397	\$219,397	-33%
9/30/2039	\$197,500	\$23,612		\$221,112	\$221,112	1%
9/30/2040	\$207,500	\$12,097		\$219,597	\$219,597	-1%
TOTAL	\$24,730,250	\$10,559,504	\$726,193	\$36,015,947	\$34,796,881	

The table below summarizes the outstanding debt service obligations for the Utility Fund through 2040.



This was developed by the City of Anna using data provide by our financial advisors, First Southwest and assumptions developed jointly. It is for planning and discussion purposes only. Actual results may vary based upon future economic conditions.

The following steps have been developed by the City and First Southwest to address the Utility Fund debt:

1. The City's budgeted rates and charges are sufficient to cover both the contract revenue obligations as well as the general obligations debt issued for water and sewer system improvements.
2. The City will continue to move the Greater Texoma Utility Authority ("GTUA") contract bonds onto the City's balance sheet through the issuance of Combination Tax and Revenue Refunding Bonds.
 - a. The next refunding is tentatively scheduled for early FY 2018
 - City expects to take out the Anna Project contract bonds and get access to the debt service reserve funds, and surplus project funds currently held by GTUA for the benefit of the Anna projects.
3. Refunding of the Series 2009 Combination Tax and Revenue Refunding Bonds in early FY 2018, but before February 15, 2018 to avoid interest rate reset to 15%.
4. It is the City's current intent to maintain water and sewer system annual debt service at a maximum level of approximately \$2 million per year.
5. Upcoming refundings would have the goal of reducing debt service payments in fiscal years 2019 – 2026.

Component Units

The City of Anna is closely involved with the Anna Economic Development Corporation (EDC) and the Anna Community Development Corporation (CDC). The corporations are sometimes referred to as Type A and Type B corporations (respectively). These corporations are presented in the annual budget as a component unit of the City of Anna.

Each corporation acts under the direction of a seven-member board appointed by the City Council and has their own budget separate and distinct from the City of Anna budget. In addition to being managed by their boards, both the EDC and CDC budgets must be approved by the City Council. As discussed previously in this budget, the city sales tax rate is 8.25%. The state takes 6.5% leaving 2% in the city.

Prior to April 2017, of the remaining 2%, the City of Anna received 1%, and the EDC and CDC each received 0.5%. However, legislation authorized cities to hold an election to reallocate the 2% local option sales tax. In November 2016, the City held an election to defund the sales and use tax for the Type A Economic Development Corporation, and

to increase the sales tax by an additional 0.25% for the Type B Community Development Corporation. In addition, the City sales tax was increased by 0.25% to 1.25%. Revenue from the additional 0.25% will be used to fund road and transportation projects. The sales tax reallocation went into effect on April 1, 2017.

The EDC budget will remain through FY 2018 to show revenue generated from a lease agreement on a small business incubator operated out of the old post office which is owned by the EDC. The CDC will rely almost exclusively on sales tax for their revenue. The table below illustrates the revenue sources for the EDC and CDC. In FY 2017, the CDC sold bonds in order to purchase land for a business park.

CDC Revenue

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
SALES TAX	\$385,577	\$425,000	\$593,053	\$822,615
INTEREST	\$2,894	\$2,500	\$1,200	\$1,800
BOND PROCEEDS	\$0	\$1,850,000	\$1,850,000	\$0
TRANSFER IN - EDC	\$0	\$725,000	\$725,000	\$0
TOTAL	\$388,471	\$3,002,500	\$3,169,253	\$824,415
				% CHANGE
				93.56%
				-28.00%
				0.00%
				-100.00%
				-72.54%

EDC Revenue

	2016	2017		2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
SALES TAX	\$385,577	\$300,000	\$300,000	\$0	-100.00%
INTEREST	\$3,986	\$1,700	\$1,750	\$650	-61.76%
RENTAL	\$12,500	\$17,700	\$18,882	\$25,716	45.29%
MISCELLANEOUS	\$47,030	\$42,780	\$43,980	\$45,480	0.00%
TOTAL	\$449,094	\$362,180	\$364,612	\$71,846	-80.16%

Type B corporations have the ability to perform all the same functions as Type A corporations, as well as additional projects not authorized for Type A corporations. The CDC will continue to pursue projects that improve the quality of life in Anna through projects ranging from the creation of jobs to investments in park facilities. Improvements funded through the CDC have specific eligibility requirements that must be met in order to receive funding. Chapter 501 of the Local Government Code govern both Type A and Type B corporations. Additionally, Chapter 504 specifically governs Type A corporations while Chapter 505 specifically governs Type B corporations.

Community Development Corporation

Purpose / Description

The Anna Community Development Corporation works to expand the city's business tax base and professional workforce through targeted economic development. The Corporation also identifies and funds community facilities and related projects that enhance and improve the quality of life in Anna.

FY 2017 Accomplishments

- Partnered with the Economic Development Corporation to support the Greater Anna Chamber of Commerce and their 5 annual community events.
- Partnered with the City to fund and develop a new city brand identity
- Purchased in partnership with the Economic Development Corporation an 85-acre tract of land for a business park.
- Negotiated an incentive agreement to bring Kirby Smith to Anna as the first tenant of the business park
- Supported the Parks Department with expenses related to personnel, park amenities, and park projects

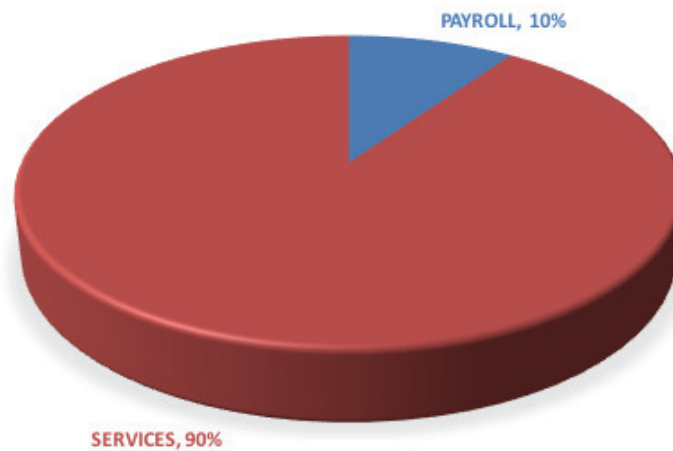
FY 2018 Objectives

- Continue to promote community functions that foster civic pride through partnerships with GACC, Anna ISD, and other community organizations.
- Maintain appropriate cash flow and coverage ratios for sound fiscal health and bond ratings
- Fund as appropriate improvements to the City's parks and park amenities
- Implement through targeted marketing efforts the City's new brand identity
- Pursue targeted economic development consistent with the City's Strategic Plan
- Attend the ICSC local and national conferences to promote the Anna brand and build relationships with retailers and developers.
- Identify opportunities to build the professional workforce in Anna through partnerships with businesses and educational Institutions.
- Continue to promote development of the new CDC Business Park

New & Noteworthy for FY 18

- The sales tax reallocation election increased the sales tax revenue allocation from 0.5% to 0.75%. The Community Development Corporation has absorbed most of the functions and expenses of the Economic Development Corporation.
- A full-time Economic Development Manager will be hired to manage the City's economic development efforts and provide staff support to the Community Development Corporation and Economic Development Corporation. The Assistant to the City Manager position will supervise the Economic Development Manager.
- The CDC will begin paying the economic development incentive grant to Chief Partners to help off-set infrastructure costs for the development of Anna Town Center, Phase I.

FY 2018 PROPOSED CDC BUDGET



CDC Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
PAYROLL	\$0	\$0	\$0	\$77,155
SUPPLIES	\$39	\$550	\$475	\$2,900
MAINT	\$0	\$0	\$0	\$0
SERVICES	\$275,165	\$346,200	\$346,198	\$722,317
CAP EX	\$58,816	\$2,958,136	\$2,958,136	\$0
TOTAL	\$334,019	\$3,304,886	\$3,304,809	\$802,372
				% CHANGE
				0.00%
				427.27%
				0.00%
				108.64%
				0.00%
				-75.72%

CDC FTE SCHEDULE

Description	FY14	FY15	FY16	FY17	FY18
<i>Economic Development Officer</i>	0.5	0.5	0.5	0.5	0
<i>Economic Development Manager</i>	0	0	0	0	1
TOTAL	0.5	0.5	0.5	0.5	1

Economic Development Corporation

Purpose / Description

The Anna Economic Development Corporation works to coordinate efforts to expand the city's business tax base with a focus on creating primary jobs within the City of Anna

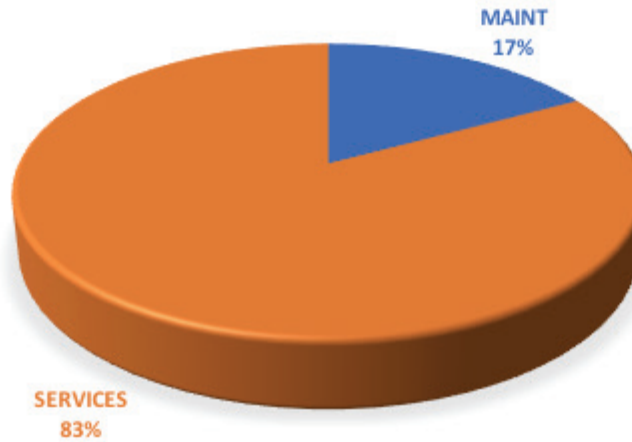
FY 2017 Accomplishments

- Partnered with the CDC to support the Greater Anna Chamber of Commerce and their 5 annual community events.
- Partnered with the City to fund and develop a new city brand identity
- Partnered with the City to successfully reallocate a portion of sales tax
- Renovated the property at 312 North Powell Parkway into Inc-Cube
- Cultivated relationships with medical groups and hospitals that could potentially locate in Anna

FY 2018 Objectives

- Maintain appropriate cash flow and coverage ratios for sound fiscal health
- Promote and maintain Inc-Cube as an opportunity for small businesses to locate in Anna
- Implement through targeted marketing efforts the City's new brand identity

FY 2018 PROPOSED EDC BUDGET



EDC Expenditure Summary

	2016	2017	2018	
	ACTUAL	BUDGET	ESTIMATE	PROPOSED
SUPPLIES	\$1,177	\$2,500	\$2,500	\$0
MAINT	\$3,700	\$22,000	\$11,570	\$10,000
SERVICES	\$519,233	\$137,850	\$147,130	\$48,656
CAP EX	\$50,000	\$937,650	\$937,650	\$0
TOTAL	\$574,110	\$1,100,000	\$1,098,850	\$58,656
				% CHANGE
				-100.00%
				-54.55%
				-64.70%
				0.00%
				-94.67%